



SECTION 2

TEST I SAMPLE QUESTIONS

This section of the Georgia Assessments for the Certification of Educators® (GACE™) Preparation Guide provides sample selected-response questions with an annotated answer key for you to review as part of your preparation for the test. The sample selected-response questions are designed to illustrate the nature of the test questions. Work through the questions carefully before referring to the annotated answer key, which follows the sample selected-response questions. The answer key provides the correct response to each question, describes why each correct response is the best answer, and lists the objective within the test framework to which each question is linked.

QUESTIONS

1. At the Haverford Textile Company, frame tenders in the spinning department produce yarn that company weavers turn into cloth, which is afterward processed by workers in the finishing department and sent to market by people in the shipping department. This best illustrates how businesses:
- A. take advantage of economies of scale.
 - B. seek to increase the value of their human capital.
 - C. diversify their productive output.
 - D. specialize within the production process.

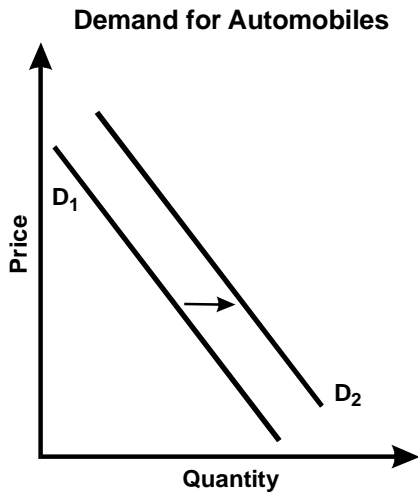
2. **Use the excerpt below from the U.S. Constitution to answer the question that follows.**

In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any court of the United States than according to the rules of common law.

The excerpt above can best be used to illustrate which of the following roles of government in a market economy?

- A. settling disputes
- B. resolving market failures
- C. ensuring equality of opportunity
- D. promoting competition

3. Use the demand curve below to answer the question that follows.



Which of the following would most likely cause the shift in the demand curve above from D₁ to D₂?

- A. a decrease in automobile imports from foreign countries
- B. an increase in the real wages of consumers
- C. a decrease in the price of motorcycles and pickup trucks
- D. an increase in the number of auto dealerships
4. Which of the following best describes the most important role of entrepreneurship in a market economy?
- A. to develop and disseminate new managerial techniques for organizing production
- B. to provide job alternatives to unemployed and underemployed wage earners
- C. to assume the risks of combining factors of production to create goods and services
- D. to increase competition in industries with monopolistic or oligopolistic market structures

ANNOTATED ANSWER KEY

For question	The correct response is	Reason	Test Objective
1	D	The coordinated division of major productive tasks among workers in four separate departments of the Haverford Textile Company is an example of how businesses specialize within the production process.	0001
2	A	Government provision of mechanisms for settling disputes in market economies helps maintain an atmosphere favorable to voluntary exchanges. The establishment of procedural rules for the settlement of civil suits is a good example of how government carries out this function.	0002
3	B	An increase in the real wages of consumers would likely result in increased demand for automobiles. This increase would cause the demand curve for automobiles to shift to the right.	0003
4	C	The most important role of entrepreneurs in a market economy is organizing land, labor, and capital resources for the production of goods and services. They may do this by developing new products or services or devising more efficient ways to supply existing products or services. In either case, they assume the financial risk of establishing a business in return for the possibility of financial gain if the business is successful.	0004