

**CE.E.1.4**

**Analyze the ways in which incentives and profits influence what is produced and distributed in a market system (e.g., supply, demand, What to Produce?, How to Produce It?, How Much to Produce?, For Whom To Produce It?, free enterprise, etc.)**

**Students will understand:**

1. Incentives and profit may be influenced by how a nation decides to invest in capital and human resources and can determine production and distribution.
2. Investment in capital and human resources can determine production and drive the economic choices of groups and individuals.
3. Goods and services are supplied by people in various ways designed to successfully stimulate the economy.

**Students will know:**

1. The significance of the “factors of production”
2. The economic questions that all economic systems must answer (What to produce, how to produce it, how much to produce, for whom to produce it).
3. How traditional, market, command, and mixed economies answer the economic questions (with emphasis on a pure market economy) o Prices in a pure market system organize the flow of economic resources and channel them to their most efficient use.
4. In a command economy it is government planners, not prices, that decide how resources are used.
5. While profits often act as incentives, people might also be motivated by other factors (such as a feeling of fulfillment in their work). The strengths and weaknesses of the concept of the Invisible Hand.