**EPF.2 Blueprint**

The student will demonstrate knowledge of the role of producers and consumers in a market economy by

1. describing how consumers, producers, workers, savers, investors, and citizens respond to incentives;
2. explaining how businesses respond to consumer sovereignty;
3. identifying the role of entrepreneurs;
4. comparing the costs and benefits of different forms of business organization, including sole proprietorship, partnership, corporation, franchise, and cooperative;
5. describing how costs and revenues affect profit and supply;
6. describing how increased productivity affects costs of production and standard of living;
7. examining how investment in human capital, capital goods, and technology can improve productivity;
8. describing the effects of competition on producers, sellers, and consumers;
9. explaining why monopolies or collusion among sellers reduces competition and raises prices; and
10. illustrating the circular flow of economic activity.

**Identifications**

1. positive incentives: examples
2. negative incentives: examples
3. consumer sovereignty
4. entrepreneurs
5. sole proprietorship: benefits
6. sole proprietorship: costs
7. partnership: benefits
8. partnership: costs
9. corporation: benefits
10. corporation: costs
11. franchise: benefits
12. franchise: costs
13. cost
14. revenue
15. price
16. profit
17. supply
18. productivity
19. Gross Domestic Product (GDP)
20. results of competition
21. industry
22. collusion
23. monopoly
24. circular flow model