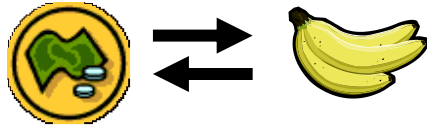


Big Ideas of Lesson 3, Unit 4

- Interactions in a market economy can be described with a circular flow model.
- Circular flow describes the pattern in which goods and services and resources flow in the marketplace.
- Circular flow includes a market for resources and a market for goods and services.
- Individuals sell their labor, human resources, to businesses in exchange for money, or income. This is done in the resource market.
- Individuals use their income to buy goods and services from businesses. This creates the market for goods and services.

Word Cards

18
exchange



trading goods and services with others for other goods and services or for money

Example: Voluntary exchange is an important part of a market economy.

(SS040403)

19
income

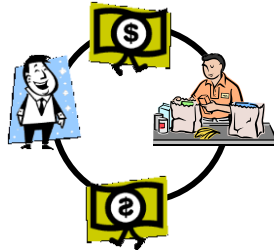


money people earn by working

Example: By providing human resources people earn income.

(SS040403)

20
circular flow



the pattern in which goods and services and resources flow in the marketplace

Example: Money travels from people to businesses and back to people again.

(SS040403)

