




## **Big Ideas of Lesson 2, Unit 4**

- There are different types of economic systems in the world.
- The answers to economic questions such as what goods and services to produce, how to produce them, and who gets them determine the type of economic system.
- The economic system in the U.S. is called a market economy.
- A market economy is based on the interactions of buyers and sellers.
- Important characteristics of a market economy include private property rights, voluntary exchange, competition, consumer sovereignty, incentives, and specialization.

## Word Cards

Word Cards from previous lessons needed for this lesson:

- Economic System – Word Card #9 from Lesson 1

<p><b>10</b> <b>market economy</b></p> <p>the kind of economic system we have in our country</p> <p><b>Example:</b> In a market economy, producers and consumers are both very important.</p> <p>(SS040402)</p>	<p><b>11</b> <b>producer</b></p>  <p>someone who makes goods or provides services.</p> <p><b>Example:</b> Factory workers and teachers are producers.</p> <p>(SS040402)</p>
<p><b>12</b> <b>consumer</b></p>  <p>someone who buys goods or services</p> <p><b>Example:</b> When you buy something at a store, you are a consumer.</p> <p>(SS040402)</p>	<p><b>13</b> <b>profit</b></p>  <p>money or value gained</p> <p><b>Example:</b> When a business makes more money than it takes to run the business.</p> <p>(SS040402)</p>

**14  
demand**



consumers' willingness  
and ability to purchase  
a good or service

**Example:** There was a high demand for the  
toy.

(SS040402)

**15  
supply**



the amount of a product or service that  
is available for consumers to buy

**Example:** There was only a small supply of  
the toy.

(SS040402)

**16  
competition**



when businesses sell the same good or  
service

**Example:** Restaurants are often in  
competition.

(SS040402)

**17  
consumer sovereignty**

the consumer is king since consumer  
decisions determine what is produced

**Example:** In a market economy, consumer  
choices drive production.

(SS040402)