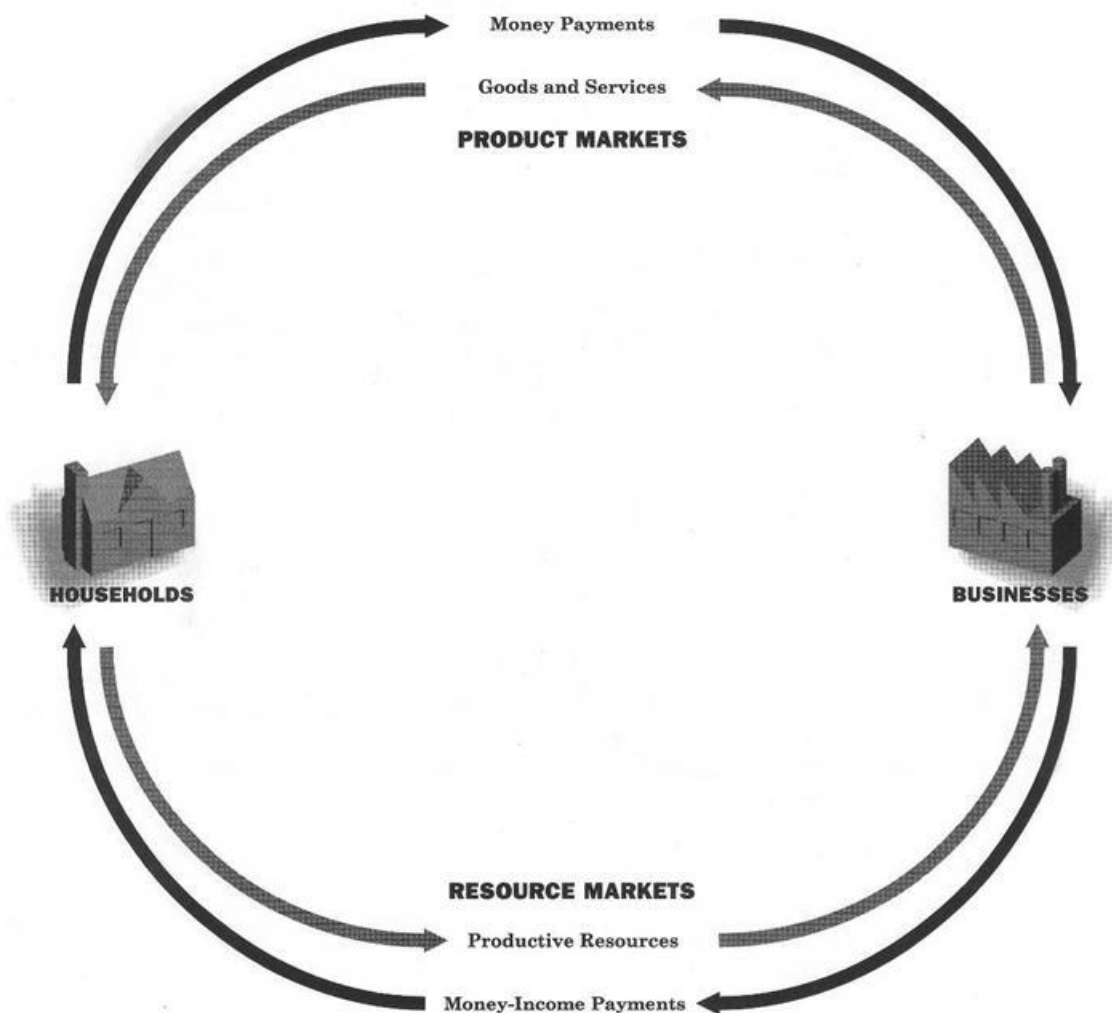


# The Circular Flow of Economic Activity

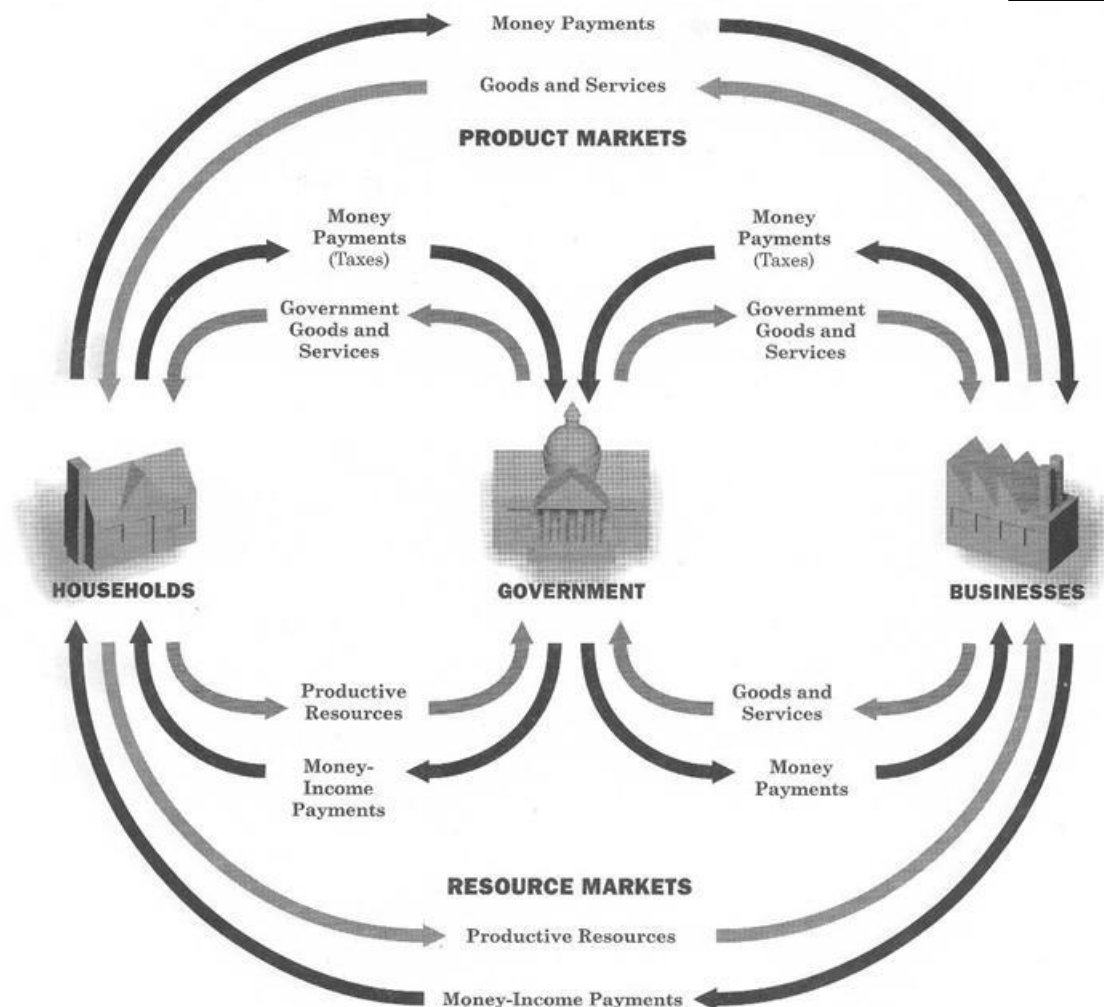
1

## Circular Flow of Productive Resources, Goods & Services, Money Payments



1. According to the diagram, in which markets do businesses give money-income payments to households in exchange for their productive resources?
2. In which markets do households give money payments to businesses in exchange for goods and services?
3. What did Econos represent in the simulation?

## Government in the Circular Flow



1. Give an example of a productive resource that households sell to government.
2. Give an example of a good or service that businesses sell to government.
3. Give an example of a good or service that government provides to households in exchange for money payments, mainly taxes.
4. Give an example of a good or service that government provides to businesses in exchange for money payments

# The Circular Flow of Economic Activity

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## Reflections on the Activity

1. Reflect for a minute on the activity we just finished. What role did you have in the economy? How did you do? What would you do differently? What would you do the same? What was the secret to your success/failure?
2. Explain in your own words how our economy works. How do households, businesses, and the government work together (and even rely on each other) in the U.S. economy?
3. What is the circular flow? (try to explain it in your own words)
4. How did the students in this activity represent the participants in our economy? What component of the economy was missing from the simulation? How might it have changed the simulation if that component had been included?