Student Study Guide

Chapter 2 Free Enterprise in the United States

UNDERSTANDING THE CIRCULAR FLOW Markets THE MECA MALL Hard Goods & Services Rusiness Include Rusiness Include Rusiness Include Rusiness Include Rusiness Include Rusiness Include Rate Inclu
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Mid No.
Labor & Other Remark
1. Use the circular flow model above to explain how the money you spend for goods and services becomes
income for members of another household.
2. Use the circular flow model above to explain how money that one business spends on wages and salaries becomes income for another business.
3. What would be the effect of the following on the total value of goods and services in the circular flow: Ne businesses start up and begin producing goods and services, and many existing businesses expand.