

Name: _____ Date: _____

Circular Flow: Assessment

HS.56 – “Describe the “circular flow” of economic activity and the role of producers, consumers, and government.”

**Directions: Answer each question in complete sentences on a separate sheet of paper.
(The Circular Flow diagram can be drawn on back of this test sheet)**

1. What do firms purchase from the households in the factor market?
(pg. 29-30)
2. List five examples of what household might purchase from firms in the product market
(pg. 29-30)
3. What does the government purchase from the household in the factor market?
(pg. 42)
4. List five things that the government might purchase from the firms in the product market.
(pg. 42)
5. List five things that the household might get in return for the taxes they pay in the factor market.
(pg. 42-43)
6. List five things that a firm may get for the taxes they pay in the product market.
(pg. 42-43)
7. Describe the Economic Model on page 42 in a complete sentence of ten words or less.
(pg. 42)
8. Create a diagram (*on the back of this test sheet*) of the Circular Flow of Economic Activity in a mixed or modern economy. It should include the households the government and the firms. Be sure to provide accurate description of each movement in the circular flow.