

MODULE 10

THE CIRCULAR FLOW MODEL

Mr. Hess

1

CIRCULAR FLOW CONCEPTS

- Households (Consumers) - suppliers of the factors of production and demanders of products
- Factor (Resource) Market - where the four factors of production are exchanged
- Government - provider of public goods and services and demander of goods/services

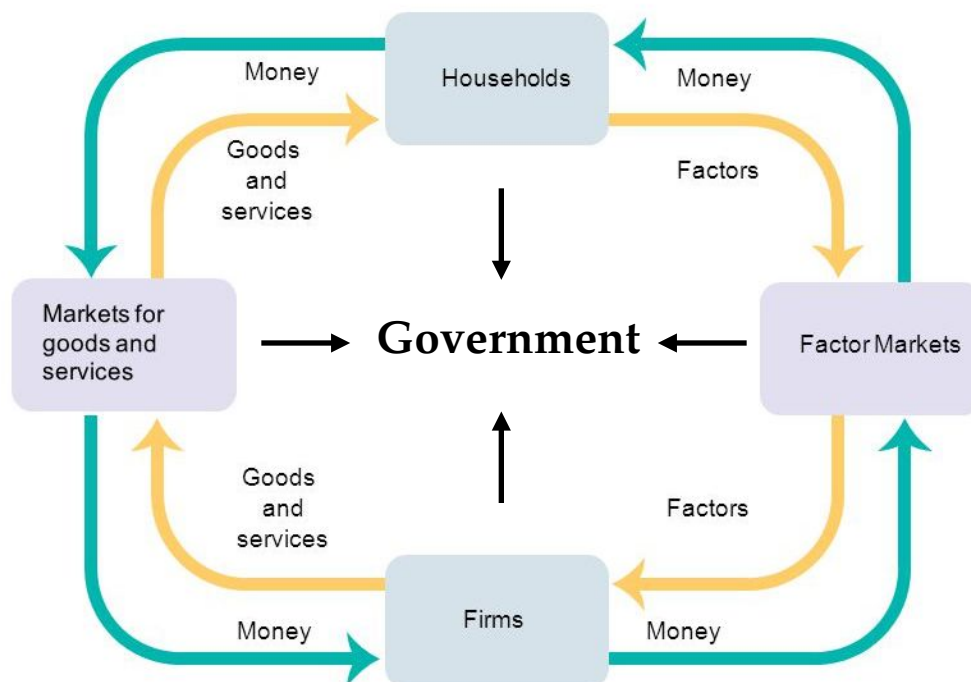
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CIRCULAR FLOW CONCEPTS

- Businesses / Firms (Producers) - demanders of the factors of production and suppliers of products
- Product Market - where goods and services are exchanged

3

CIRCULAR FLOW MODEL



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