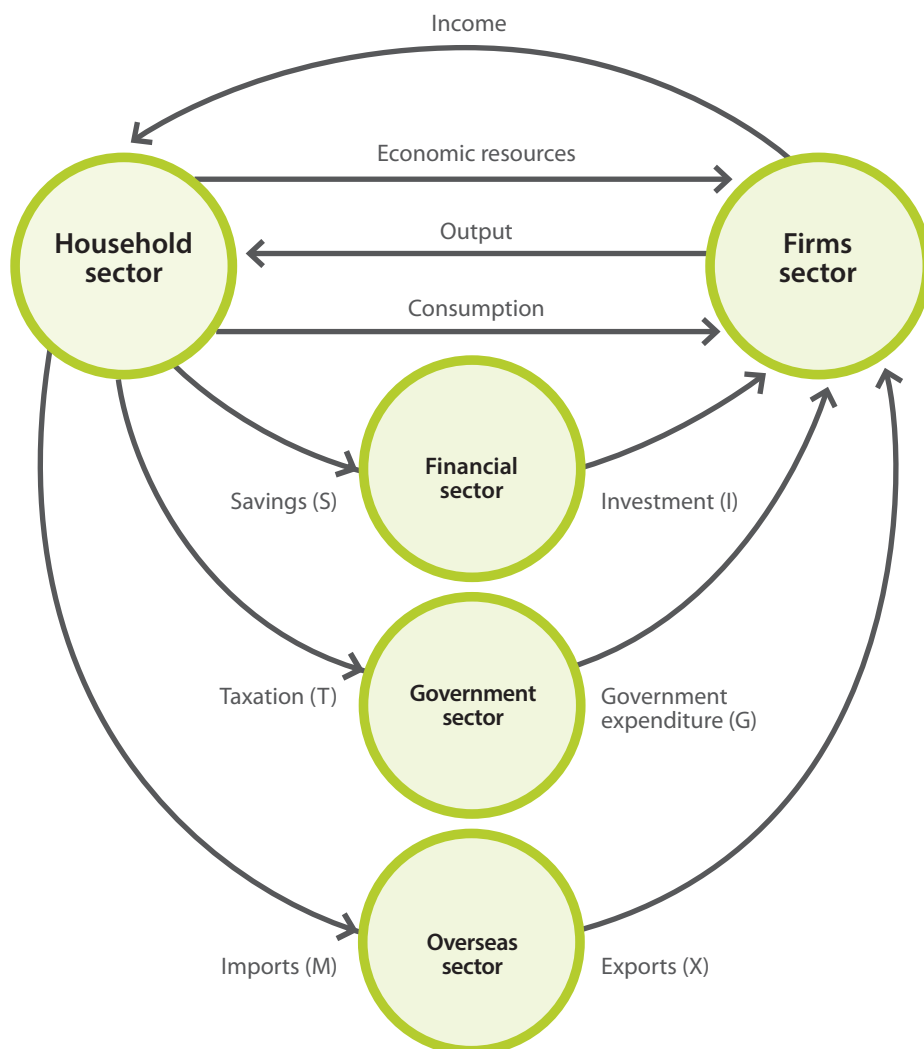


Illustrator

Circular Flow Model



Consumption – the purchase of goods and services

Economic resources – goods or services that are used as inputs in production, e.g. land, labour and capital (the machinery, buildings and equipment used to produce goods and services)

Exports (X) – goods and services produced by Firms in Australia and sold to other countries

Financial sector – banks and other financial institutions

Firms sector – businesses in the economy

Government expenditure (G) – money the government spends on public goods and services

Government sector – the national, state and local government

Household sector – individuals in the economy

Imports (M) – goods and services produced by businesses in other countries and sold to Australia

Income – money received, e.g. wages, rent and interest

Investment (I) – money the Financial sector lends to Firms to spend on machinery, buildings and equipment

Output – goods or services produced to be sold

Overseas sector – the economic transactions of the economy with the rest of the world, e.g. how resources flow between Australia and its trading partners

Savings (S) – money saved

Taxation (T) – money paid to the Government