

**Part A**

Each of the flows in the circular flow diagram in Figure 10.1 is numbered. Identify which number matches the transaction described in the statements below. Consider only the first transaction — not the return flow.

1. David buys a CD at the local store for \$9.99. \_\_\_\_\_
2. Emily earns \$6.50 per hour entering data at the music conservatory. \_\_\_\_\_
3. Maria pays her federal income tax. \_\_\_\_\_
4. Jagdish receives \$15,000 in profits from his half-ownership of a coffee shop. \_\_\_\_\_
5. Keisha makes decorative pillows that she sells for \$30.00. \_\_\_\_\_
6. Mammoth Toys Inc. hires 100 new employees. \_\_\_\_\_
7. The National Park Service opens two new campgrounds in Yellowstone National Park.  
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**Part B**

Write T if the statement is true and F if the statement is false.

8. Money flows are clockwise. \_\_\_\_\_
9. Goods and services flows are clockwise. \_\_\_\_\_
10. The resource market determines the price per acre of farmland. \_\_\_\_\_
11. The product market determines the price of a computer. \_\_\_\_\_
12. Firms sell resources in the resource markets. \_\_\_\_\_
13. Government buys resources and households sell resources. \_\_\_\_\_
14. Government buys products, and firms sell products. \_\_\_\_\_
15. The product market determines the salary of the C.E.O. of a firm. \_\_\_\_\_
16. The resource market determines the price of soda. \_\_\_\_\_
17. The resource market determines the price of soda-bottling equipment. \_\_\_\_\_