Part 1

Match the clues with the correct term. Write the letters of the correct terms on the lines provided.

**Answer Key:**
A. businesses  
B. increases  
C. households  
D. decreases  
E. government

1. Who relies on tax revenue from the market economy?  
   - **E**

2. Who do businesses provide jobs and income for in exchange for labor?  
   - **C**

3. In addition to households, this group also is required to pay income taxes.  
   - **A**

4. What generally happens to income tax revenue when incomes go up?  
   - **B**

5. What happens to sales tax revenues when consumers purchase less?  
   - **D**

Part 2

Complete the circular flow model shown below by filling in the blanks.
Part 3

Match each item below with the sector it best describes. Write the letters of the correct sectors on the lines provided. Sectors can be used more than once.

Answer Key:
A. business
B. government
C. household

C  1. Earns income and purchases goods and services
B  2. Provides services and collects taxes
B  3. Collects taxes and uses labor
C  4. Supplies labor and makes payments
A  5. Pays taxes and provides goods and services