

Circular Flow Scenarios

1. Workers are given 40 hours of additional training and become more productive.

2. 10 new robots are brought into a factory which, eventually, will reduce the costs of production.

3. Producers discover an alternative energy source and additional natural resources.

4. A new law put in place by Congress makes it easier for individuals to start up their own businesses.

5. Congress increases the federal minimum wage to \$8.50/hour.

6. Due to unfair labor practices, workers in a small plant go on strike. This has the domino effect and many other workers go on strike as well.

7. Congress enacts tighter environmental regulations in order to protect people from pollution.

8. The Federal Reserve Bank increases interest rates.

9. The government of Japan was overthrown. Japan happens to be a major trading partner of the United States.

10. People begin to get nervous about the economy, and start to withdraw their investments in both national and international markets