

ROUND AND ROUND: THE CIRCULAR FLOW

“A \$50 note leaves the mine's pay office on Thursday. Where is it by Sunday — and does it ever come back?”



YOUR ROLE TODAY: ECONOMY MECHANIC

Every WA mining town runs on a machine almost nobody can see. Today you follow one banknote until the machine shows itself — then you build the machine, and break it, on your own desk.

■ FOLLOW THE FIFTY — LOG THE JOURNEY

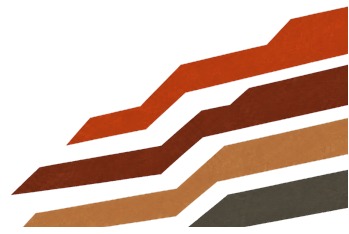
The launch: *“A \$50 note, fresh from the Jindarra pay office, Thursday 4pm, in operator Dana's pocket.”*

The class writes its journey one hop at a time. **Every hop must name who pays whom, for what.** Log the story as it grows on the board:

HOP	WHO PAYS	WHO GETS IT	FOR WHAT?
1	Jindarra mine	Dana	Thursday's wages
2			
3			
4			
5			
6			

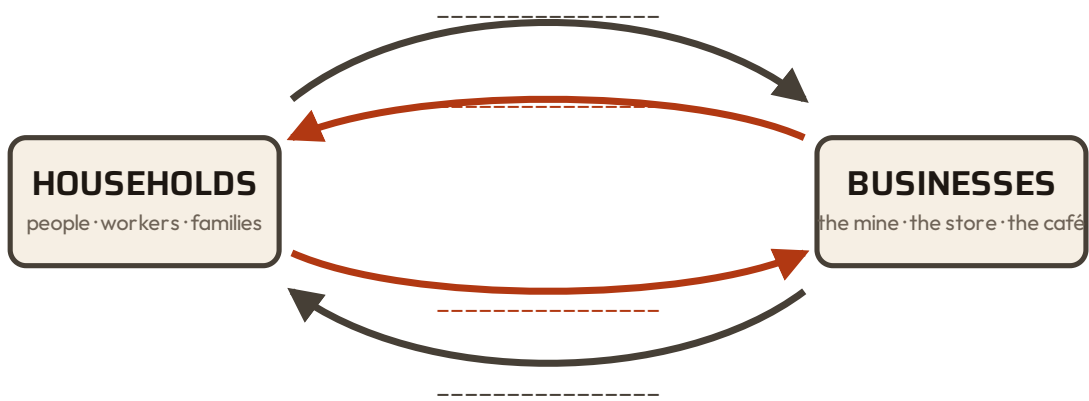
Look at your log. Every single hop passed the note between a _____ and a _____.

Did the fifty get used up — or did it keep moving? _____



THE MACHINE HAS A NAME — LABEL IT

Economists call what you just discovered the **two-sector circular flow model**. You built it from a Thursday afternoon. Now label the four flows on the diagram. Which arrow carries work? Wages? Spending? Goods and services?



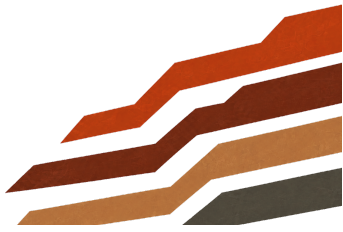
red = money flows this way round · grey = real things flow the other way

Colour logic check: the two red arrows both carry _____ · the two grey arrows both carry _____

SORT THE TRAFFIC — WHICH ARROW CARRIES EACH OF THESE?

REAL WA EXAMPLE	THE ARROW IT TRAVELS ON
Dana's twelve-hour shift at the mine	
Dana's pay landing Thursday 4pm	
Buying work boots at the town store	
The boots themselves, in the box	
The café owner's own morning shift behind the counter	
A haircut (look carefully — nothing in a box this time)	

The haircut is the trap worth arguing about: services ride the same arrow as goods — the grey one — even though there's nothing to carry home.



■ STORM TESTING — BREAK THE MACHINE TO UNDERSTAND IT

Your team draws ONE storm card. Trace the ripple all the way around the circle — four steps minimum — until it comes back to where it started.

Our storm: _____

STEP	THE RIPPLE — WHAT HAPPENS NEXT, AND TO WHOM
1	
2	
3	
4	

The word for what you just traced — when one sector's sneeze becomes the other sector's cold — is:

■ EXIT TICKET — THE MECHANIC SIGNS OFF

1. Sketch the whole machine from memory — two boxes, four arrows, all labelled:

2. Interdependence, proven with Dana and the town store — what happens to one when the other stops?

3. Seed for next lesson: the mine, the town store, and a one-ute prospecting outfit are all “businesses” on your diagram. Are they the same kind of thing? Who actually OWNS each one?

SKILLS I USED TODAY — TICK WHAT'S TRUE

- ☐ built a story one hop at a time · ☐ turned a story into a model · ☐ sorted real examples onto the right flows · ☐ broke the machine and traced the damage · ☐ drew the whole thing from memory