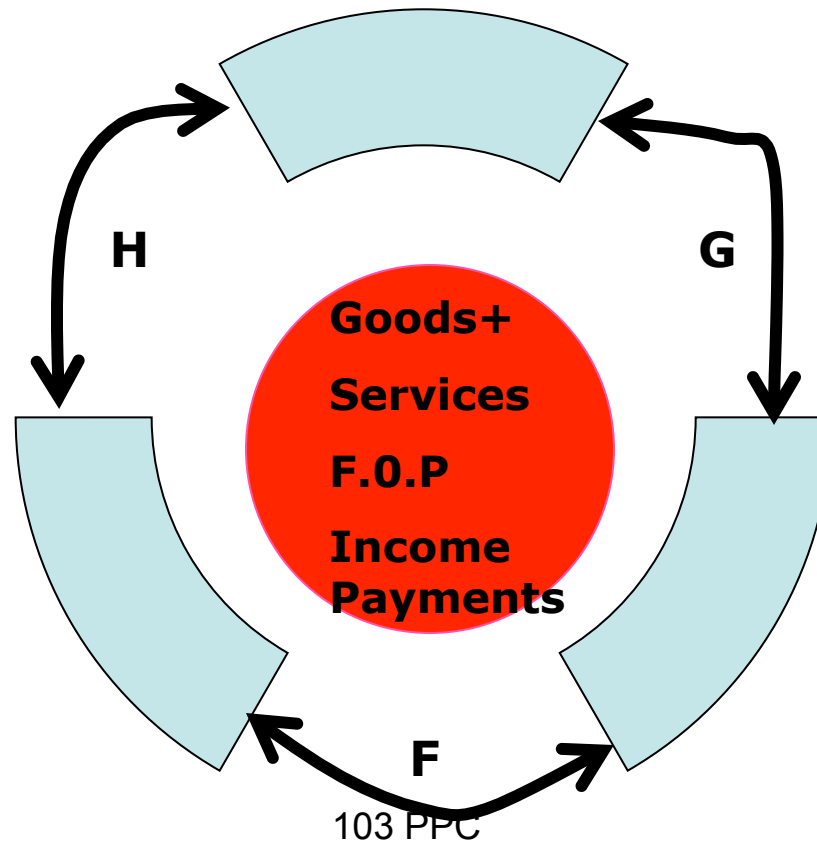


Circular Flow of Income : 3 agent economy (G,H+F)

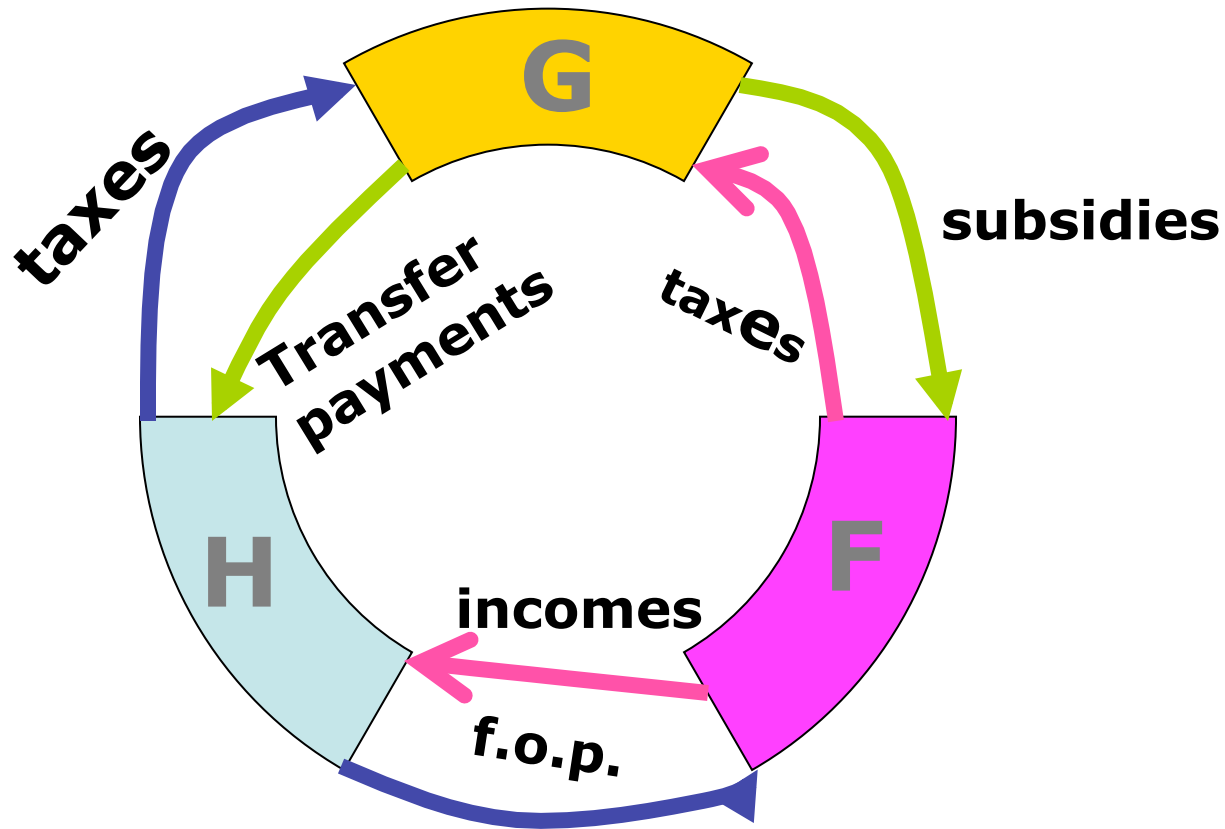
Micro Economy made up of Government(G), households (H) and firms (F)1

Note:
Factors of
Production
(F.O.P.) =
Land
Labour
Capital
Enterprise



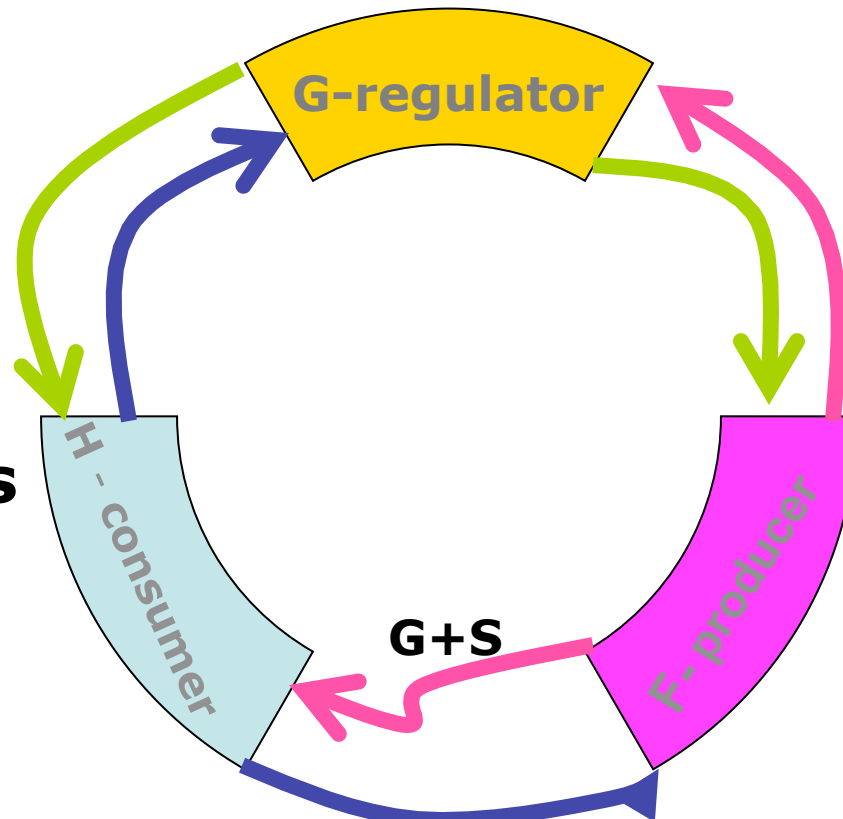
See blink p12
See syllabus item 1

Microeconomy-circular flow of income



Circular Flow of Income

Government provides public services (merit and public goods), redistributes wealth



Taxes: direct + indirect

Payments for $G+S$
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Note: a macroeconomic model is introduced in section 2. see web 302

Circular Flow of Income

Note: resources = factors of production (capital, enterprise, land and labour)

Circular Flow with Government

