

# MODEL I: CIRCULAR FLOW OF INCOME (MICROECONOMY)

**Webnote 115**



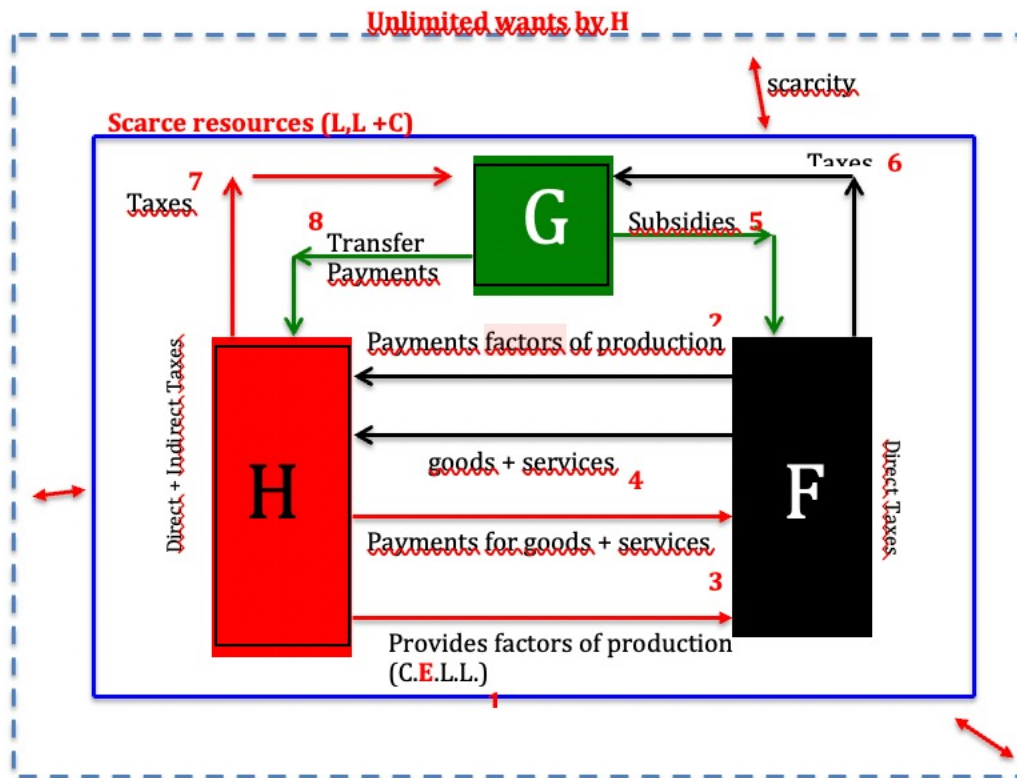
**What is it?**

Model shows how 8 flows  
of resources + income in a  
mixed market economy



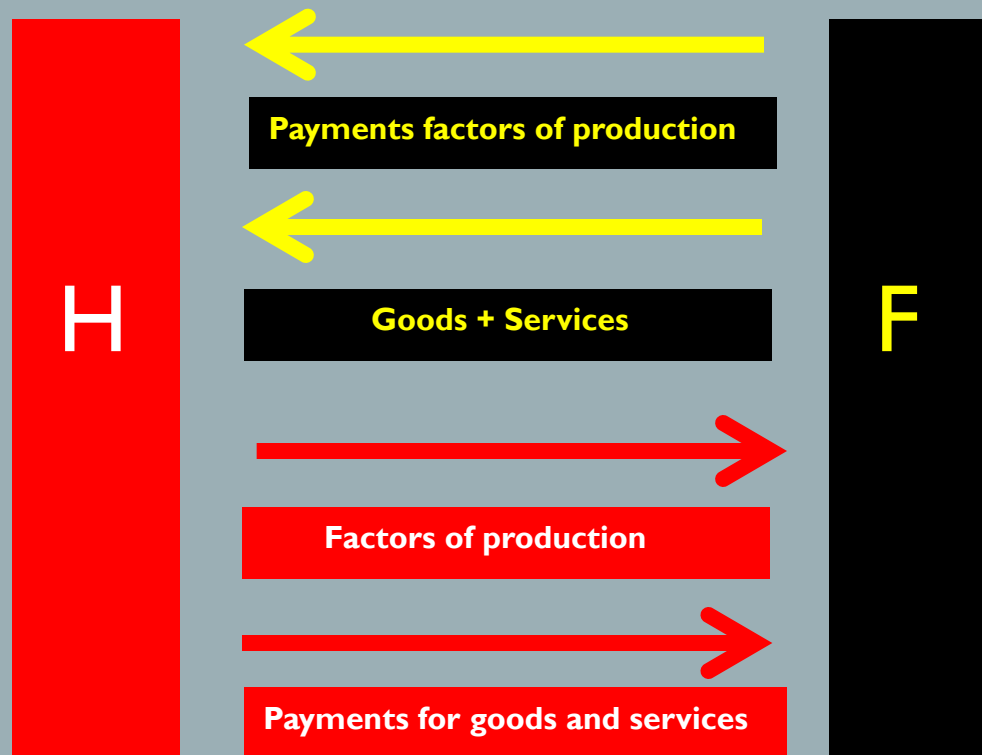
## Microeconomics Circular Flow of Income

**Economic Problem: Scarcity and how to allocate scarce resources.**  
**Circular flow of income shows how resources move in an economy**



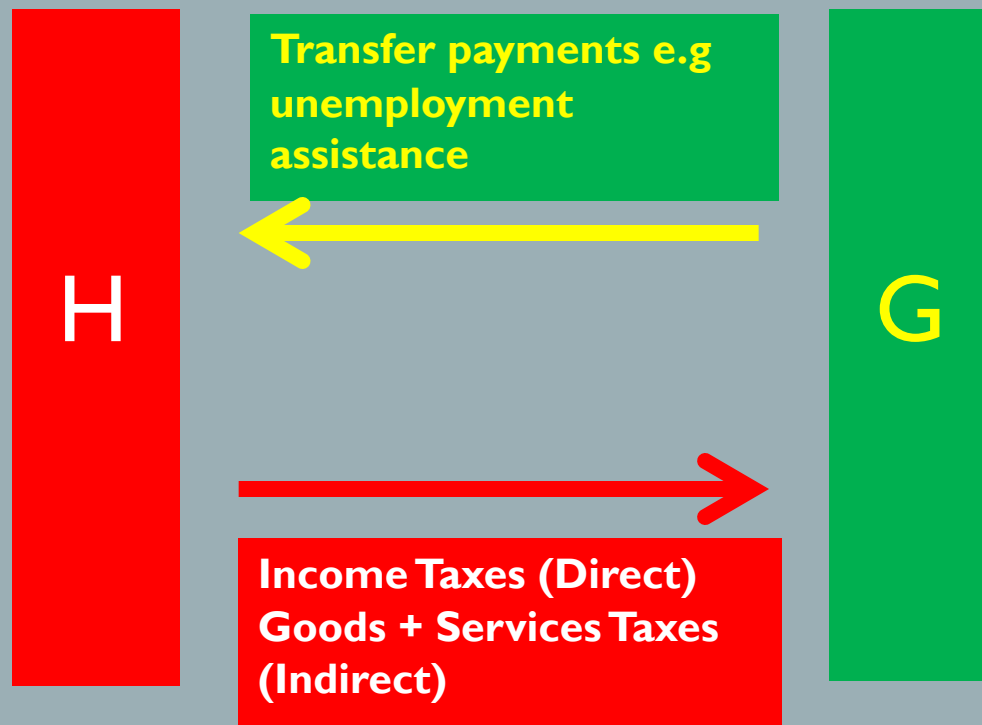
# MODEL I: CIRCULAR FLOW

## 4 flows: household/firm



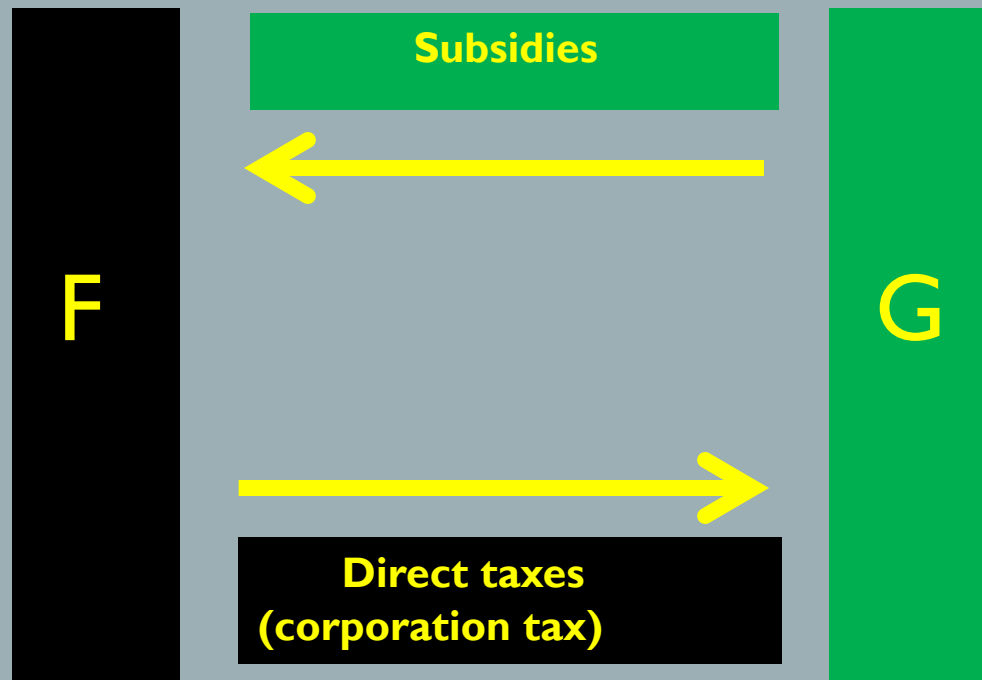
# MODEL 1: CIRCULAR FLOW

## 2 flows: household/government



# MODEL 1: CIRCULAR FLOW

## 2 flows: firm/government



These are 8 Flows of income + resources

Showing how a mixed market (mix of government and market) to show how the economy functions

### Webnote 114

#### Microeconomics Circular Flow of Income

**Economic Problem: Scarcity and how to allocate scarce resources.**  
**Circular flow of income shows how resources move in an economy**

