

# [Macroeconomics the study of economic activity assignment](https://assignbuster.com/macroeconomics-the-study-of-economic-activity-assignment/)

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It includes the study of: Economic growth – a steady rate of increase of national output Employment -a low level of unemployment Price stability – a low and stable rate of inflation External stability -a favorable balance of payments position Income distribution – an equitable distribution of income Circular flow of income model – the movement of spending and income through the economy.

In a macroeconomics equilibrium, national expenditure, national output and national income are all equal. Measure of national output/national income/ national expenditure 1. Gross domestic product (GAP) is the total output of goods and services produced in a country in a given time period. 2. Gross national income (GNP/IN) is the total income earned by a country’s factors of production in a given period of time. 3. Net national income (IN) is the gross national income adjusted for depreciation (the amount of capital that wears out in a period of time) 4.

GAP per capita: GAP divided by the population, a measure of the average standard Of living in a country. Circular flow of income In addition to the basic model there are leakages and injections Leakages: thralls of possible spending from the circular flow (saving (pension, banks investments), taxes, imports(tourism)) Injections: additions of spending to the circular flow (investments(spending by firms on capital goods), govern. Pending, exports(spending by foreign households/firms/ governments on domestically produced products). In a macroeconomic equilibrium, total leakages are equal to total injections and national income is constant. Aggregate demand (a measure of spending) Is the total spending on goods and services in a country in a given period of time at a given price level.