

# Fundamentals of macroeconomics paper assignment

[Economics](#)



**ASSIGN  
BUSTER**

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CEO/372 Instructor Ted Has July 24, 2013 The following paper is a description of how three different activities affect the government, personal households, and businesses. The desire of logic in this spectacular economy is always participating in the following systemization throughout those three sectors. Below is a diagram showing the way the economic system flows from one sector to another. Generally the flow goes through the three sectors and redistributes income repeatedly.

As seen, the government is in the middle of the entire process acting as a sort of mediator and overseer with both businesses and households contributing to the process. We cannot say necessarily that the government is completely “in charge” because in turn, the households decide who governs them because the United States is a democracy. Purchasing of groceries The first of three economic activities that are taken into consideration is the purchasing of groceries. When purchasing groceries households are the main spender. ” The reality of consumption opens a space to display the construction of the nation.

The household consumes what the businesses produce, increase a businesses income and also increases the need for a higher income in the households. Both the households and the businesses pay taxes the government on the purchases and ends the simple model of how purchasing of groceries affects the three economical actives. Massive layoff of employees On to a more complicated matter: layoffs. As a little girl I remember wondering why my father had to be laid off and I did not think it

fair at all. However, as I matured I understood that businesses function much like households in that they have a budget Just like my family did.

Because of America's current unhealthy economy even few layoffs have a negative ripple affect on businesses and our government. For example, families will no longer be buying that new car, or going out to dinner every weekend, and so forth. On the bright side layoffs teach families the need to save and help households pull together in hard times. In turn layoffs bring down business sales and lower the need for production because there is not as Fundamentals of Macroeconomics Paper By Rebalanced 1 some major retailers) the government in turn does not receive their tax revenue.

In the case of layoffs, the circle is quite the vicious one. Decrease in taxes A decrease in taxes improves the economy by giving individuals additional buying power and higher shopper confidence (which is great for us woman). More shoppers mean that businesses have financial gain that result in additional Jobs, additional cuisines investment in additional economical technologies, and ultimately higher gross domestic product growth.

Lower taxes, have the alternative result of what the majority would assume because the tax cut encourages individuals to shop for additional merchandise and services, stimulating the economy, and making additional Jobs. Less taxes going out to the government's proverbial wallet and additional money staying within the pockets of average taxpayers as a matter of course features a positive result on the general economy and permits a spirited free encroach to blossom and grow.

Lower tax rates are a classic case of “less is more” and any well-groomed government should discover ways to scale back taxes. In the end it is our “cash.” In conclusion As seen in the figure above our economy goes in a circle. Sometimes this circle is a happy circle comparable to the sun that gives warmth and life. At other time (such as our economy is now) it is a brutal circle; when one sector is not doing well the other two sectors begin to fail as well. References Colander, D. C. (2010). *Macroeconomics* (8th De. ). Boston, MA: McGraw-Hill/Larkin.