Why Total Income and Total Output have to Equal

[Name of the Writer]

[Name of the Institution]

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**Introduction**

The concept that total income and total output are the same and equal is not clear to every individual. The total income and total output are same and equal all the time which may be consideration of income and output of a country or a company. This paper explains with a solid example that why the total income and total output have to equal.

**Body**

In terms of Macro-Economics, the terms total income and total output are the same things and therefore they would be always equal (Martin, 2003). The total output of an economy means that all the goods and services produced and manufactured by that economy in a particular period of time (for example one year) by the use of capital, labor, available technology and commodities or material (Kalecki, 1997). It is consequently also the total income of the particular country, nation or economy.

At the micro-economic level, this is easier to hold on the idea of equality of income and output. For instance, I am the person in my economy who made a particular amount of shoes in that particular year through the use of leather (material) and labor from my cattle. Say that the market value of the output of shoes in the year was $150,000. Then the final value of my total output is $150,000. The second way to say it is that my total income was $150,000 through the sale of shoes for the market value of $150,000 (Harry, 2019). So I got a total income of $150,000 which I have for spending on anything that I want to purchase or avail.

**Conclusion**

After the deep analysis of the statement with examination through an example, is has been concluded that the output of and economy and total income are equal because the value of total output and total income are same which is $150,000.

**References**

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