

Introductory Macroeconomics

In-Tutorial #1
Week Starting 8th March 2021

Questions.

1. Compare your answer to Question 4 of the pre-tutorial work with everyone else in your group. Make sure your group ends up with a consensus answer (one that you all agree with). In light of this example, why do you think the Australian Bureau of Statistics (ABS) prefers chain-weighted measures over a fixed base period when calculating real GDP?
2. When comparing data across countries, economists often scale a variable by dividing by GDP. For example, to get an idea of the role of government in an economy, economists would divide the level of government spending by the level of GDP. Explain why this is a useful thing to do.
3. When people say something is 'good for the economy' they are often implicitly using GDP as a measure of how well the economy is performing. Do you think that GDP is a good measure of welfare of a society? In what ways is GDP a good measure of welfare and in what ways would GDP be an inadequate measure of welfare? Explain your answer. What do you think are alternative ways of measuring welfare?

