

Introductory Macroeconomics

In-Tutorial #7
Week Starting 26th April 2021

Questions.

1. There has been a decline in the saving rate of Japanese households that began in the early 1990s. What potential factors do you think are responsible for this decline in the saving rate?
2. Figure 1 shows the long run behaviour of both mining investment and non-mining investment in Australia. In the early 2000s, Australia experienced a mining boom. During that time, there was a large increase in mining investment and a simultaneous decrease in investment in other non-mining industries. Would it be possible to explain an increase in mining investment and a simultaneous decrease in other (non-mining) investment in our model of savings and investment? Explain your reasoning.

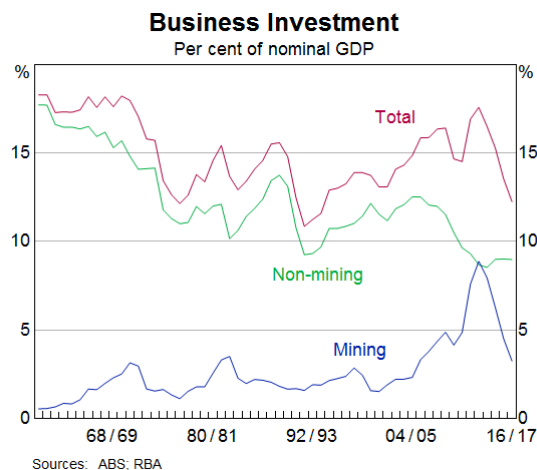


Figure 1: Business investment in Australia

