

Macroeconomics & well-being IV

Principles of Macroeconomics // Fall 2024

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Readings

Recommended readings

Required readings:

- *Macroeconomics in Context*, 4th ed.

→ Chapter 5.

 The trouble with GDP (*The Economist*)

 How to measure prosperity (*The Economist*)

The latest numbers

 Gross Domestic Product, Second Quarter 2024 (BEA)

More dimensions

More dimensions

Since its adoption in the mid-1930s, *GDP* has become the official **barometer** of *living standards* and *business cycles*.

Most importantly, it is one of the main indicators for formulating *national* and *international policies*.

- Does that sound correct, considering a *multidimensional* approach?

 Robert Kennedy on GDP (1968)

More dimensions

GDP was **never** intended to measure *welfare* or *well-being*.

That being said, what are **examples** of

- Economic activities that *decrease* well-being, but *increase* GDP?
- Economic activities that *increase* well-being, but *decrease* GDP?

Which leads us to...

Next time: Structure of the U.S.
economy