

## Problems for Conference Discussion

11/9/2020

### **GDP as a welfare measure**

Despite the potential problems, we often use real GDP as a rough measure of macroeconomic well-being. What problems would each of the following situations create for this measure to compare well-being over time or across countries? If you wanted to design a better measure, how would you begin to augment GDP to compensate for the situation? (You can't change the economy being measured, only the process of measuring.)

1. Saudi Arabia produces valuable crude oil but in the process reduces the reserves it has in the ground.
2. Older workers in the United States are choosing to retire earlier than they did 40 years ago.
3. As female labor-force participation has increased in advanced countries, more and more child care is being performed by commercial day-care centers.
4. High-definition digital television broadcasts look a lot better than the old, analog shows.
5. The air is really, really dirty most of the time in Beijing.
6. Airport security now takes up more of a frequent flier's time.

If we have time ...

### **Labor data:**

How would each of the following be categorized by the BLS: employed, unemployed, or out of the labor force?

1. Someone who is retired
2. A student who does neither works nor seeks work
3. A student who works five hours per week at the library
4. A factory worker who has been furloughed temporarily (for two weeks), but is not seeking employment in the interim
5. A factory worker who has been permanently laid off, but is not seeking employment
6. A factory worker who has been permanently laid off and is looking actively for another job
7. A college student who has just been graduated, has never worked, but is now looking for a job

8. A factory worker who was laid off a year ago, looked for work unsuccessfully, but has now given up

9. A barista who works ten hours a week, but really wants full-time employment

10. A barista who works forty hours a week at Starbucks and has a second job working twenty hours a week as a waiter