Economics Growth

Name

Institution

Course

Instructor’s name

Date

There are a lot of products in the market today that most consumers occasionally find themselves buying at a costlier price than they cost to create. This could be as a result of them being difficult to make or either in high demand — for instance, furniture, HDMI cables, wedding dresses, etc. A close friend was admitted into a private college at $ 9,970 instead of a public college where there are government subsidies. Attending college as an opportunity cost includes not only tuition fee, spending on books, or accommodation but also the lack income due to inability to work full time and loss of leisure time as one takes studies during the nights as well as weekends. Intellectual enrichment and better job opportunities are some of the marginal benefits of education to the level that one graduate from.

Demand is the product amount a consumer is able and willingly purchase whereas a change in supply is whereby the suppliers of a particular good alter its production. For instance, new technology reduces the cost of production and increases the output of consoles. As a result, the products cost has a tendency to fall hence creating higher demand. Increased sales are experienced as a result. Early 2010, in North America oil extraction through hydraulic fracturing from shale rock formations triggered a positive change in the oil market supply, and as a result, oil per-barrel price got to $27 in February 2016 from $147 in 2008.

GDP is not the best measure of economic welfare because:

1. GDPs ignorance on externalities

The use of resources goes alongside economic growth. Increased use of these results into externalities such as pollution and hence decrease in social welfare, but this is not included in GDP.

1. GDP includes market transactions only

GDP does not give an account of either domestic or voluntary work regardless of their influential impact on the economy

1. GDP does not describe products

GDP measures the value of all the finished goods and services irrespective of their adverse effects on the economy. If a country had a strong armaments industry whereby arms were sold and used within the state, the overall social welfare has a likelihood to decrease.

Several approaches that could be used to have a better reflection of how well people are in a country include the Human Development Index (HDI) which focuses on people's health, education, life expectancy and their abilities to enhance the development and economy of a country. Gross national happiness index is built on governance, preservation of cultural and the environment to measure social welfare. The Social Progress Index is an elegant framework founded on a person's well-being, basic human needs and opportunity.