“Paul Krugman’s Stimulus Batters the East Coast”

Study Guide

Homework #11

(18 points)

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Period:\_\_\_\_\_\_\_\_

Answer questions 1 to 6 from what you have learned in class. Answer the rest of the questions as you read the article “Paul Krugman…..”.

1. What is the basic economic truth?
2. What is the significance of the basic economic truth
3. What is scarcity?
4. What is the production possibilities schedule/graph?
5. Using opportunity cost to explain the significance of the production possibilities schedule/graph?
6. Why do Mr. Lopez and many economists feel wars and disasters are never good for an economy?
7. What affect do some economists. Executives, etc expect a storm to have on the nation’s GDP?
8. Who is Paul Krugman and how did he describe the storm?
9. How did the FED (our nation’ s central bank) react to the storm?
10. How did supermarkets benefit from the storm?
11. How did General Motors benefit and why was this good news?
12. Why would Mr. Lopez say regarding those lost cars?
13. How did the storm stimulate the economy of New York City?
14. Why were the insurance companies unhappy and why does Krugman view their loss as the economy’s gain?
15. What changes did the Bureau of Labor Statistics announce?
16. What example does the author site showing that not all effects of the storm were totally positive?
17. What affect do you think the storm had on production possibilities?
18. Why or why not after reading the article do you think the author agrees with Mr. Lopez