Econ 102
Winter 2005
Quiz #2
Monday Sections

Your wealthy brother has given you a $10,000 reward for acing your Econ 102 midterm and you are planning a trip to Antibes, a quaint resort town in France. You plan on doing plenty of shopping while there. While waiting at the airport, you read a headline in the newspaper claiming that the US government has just discovered an oil reserve on Federal property which will reduce the US government budget deficit by trillions. Using the open economy model discussed in class, explain in words AND graphically whether this is good, bad or neutral news in the context of your shopping plans. **[Hint: The reward from your brother is in US currency!]**