

**First Day Exercises  
Spring 2004**

**Current Conditions and Policy**

1. Why, according to the Times, should the current recovery be termed “joyless”?
  - a. What is the good news in Rockford, Illinois?
  - b. What is the bad news in Rockford, Illinois?
  - c. Why, according to the Times, is Rockford trying to reinvent itself?
2. Why does Paul Krugman describe Robert Rubin as “shrill”?
  - a. What deficits does this article discuss?
  - b. Does Krugman think that fiscal budget deficits coupled with trade deficits are dangerous or benign? Why?
3. Why, according to the Economist, does Alan Greenspan believe that the current account deficit poses few dangers? (NB The current account deficit and the trade deficit move closely together and, for the sake of this discussion, can be taken as the same.)
4. What do you think?
  - a. Is the recovery joyless?
  - b. Should we be worrying about our fiscal and trade deficits?

**You check the data.**

1. What is the current rate of inflation?
2. What is the current rate of unemployment?
3. What is the current rate of growth in real gdp?