

Wall Street Journal Articles and Related Practice Questions

Week 3

This handout contains some suggested Wall Street Journal articles that you should read and gives some related practice questions connected with the article that should help you for the upcoming midterm. You can access these either from the paper copy or online.

1) April 18, 2001. “New York May See Steep Rise In Its Energy Prices By 2005” (The online version of the article also directs you to related articles on this issue in previous editions of the WSJ)

Related questions

- A) Why did higher energy prices lead to higher electricity prices in New York last summer?
- B) With electricity prices rising across the country, explain and graph why we should see prices go up for many other products. Which other products will see the largest increases?
- C) At the end of the article, it's reported that if electricity prices are \$56 this summer in New York, that will be 7% higher than last year's prices. What were last summer's prices? If the quantity demanded falls by 5%, ceteris paribus, due to this 7% price increase, what's the price elasticity of demand? Is it elastic or inelastic demand, given these numbers?
- D) States with rising electricity prices are afraid that businesses will leave. What would be the impact on electricity rates if some businesses leave?

2) April 19, 2001, p. A1. “Dangerous Waters: How Much Arsenic Does It Take To Kill?”

Related questions

- A) What goes into the decision on the margin about what level of arsenic in water should be allowable? What issues about the problem make it difficult to make the perfect decision in determining the appropriate level of arsenic to allow?
- B) Why isn't anyone proposing that we not allow any arsenic in water?

3) April 16, 2001, p. B4. “Facing Slow Sales, Coke and Pepsi Are Gearing Up for New Battle.”

Related questions

- A) Explain how diminishing marginal utility can cause consumers to select other soft drinks besides colas.
- B) How might advertising campaigns affect consumer marginal utility schedules for cola drinks?
- C) If a company increased advertising to raise tastes for its product and sales (equilibrium quantity fell), does this necessarily mean that the advertising campaign was unsuccessful. Hint: Think about the concept of ceteris paribus in the market model.