Name:		Period:	
		Homework mic Analysis	
	the appropriate term to indicate whether each conomic or macroeconomic analysis and positiv		
1.	GDP per capita in the United States increased by 2.3% during the year.		
	micro vs macro	positive vs. normative	
2.	There is an inverse correlation between the inflation rate and the unemployment rate.		
	micro vs. (macro	positive vs. normative	
3.	Ford Motor Company's marginal product decreases as it hires more workers in the short run.		
	micro ys. macro	positive vs. normative	
4.	North Korea's mix of output is weighted too heavily toward defense goods.		
	micro vs. (macro)	positive vs. (normative)	
5.	Income elasticity of demand tends to be negative for inferior goods.		
	micro vs. macro	positive ys. normative	
6. K	-Unemployment insurance encourages laziness.	The second secon	
violal d	-Unemployment insurance encourages laziness. micro vs. macro	positive vs. normative could be production. positive vs. normative positive if you can prove it through a p	
7.	The price of oil increases when OPEC cuts oil production.		
	micro vs. macro	positive vs. normative Can prove it	
8.	The United States exports more grain than any	y other country in the world.	

study

positive vs. normative

10. Apple increases the supply of Ipads when the cost of producing them decreases.

micro vs. macro

The fed funds rate is too high.

9.

micro'vs. macro positive vs. normative

Consider trade relations between the United States and Mexico. Assume that the leaders of the two countries believe the payoffs to alternative trade policies are as follows.

United States' Decision

		Low Tariffs	High Tariffs
	fs	U.S. Gains	U.S. Gains
	Farif	\$25 Mexica Billion	\$ 30 Billion
	ow Tariffs	Gains	Mexico Gains
Mexico's	_	325 Billion	\$10 Billion
Decision	.ts	U.S. Gains	U.S. Gains
	Tariffs	\$ 10 Billion	\$20 Billion
	High	Mexico	Mexico Gains
	I	Gains 430 B	\$ ZO Billion

11. What is the dominant strategy for the United States? Why?

to have high tariffs... they are better off having high tariffs than low tariffs regardless of what Mexico does

12. What is the dominant strategy for the Mexico? Why?

to have high tariffs... they are better off having high tariffs compared to low tariffs regardless of what the U.S. does

13. Both countries will end getting stuck in the dominant strategy equilibrium doing what?

having high toriffs

Both countries would be better off though if they could cooperate and each do what? 14.

have low tariffs