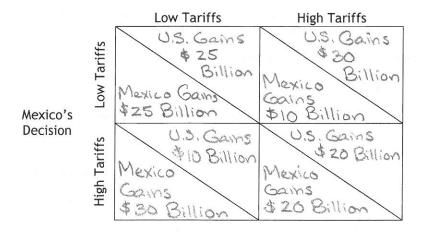
Name:		Period:	
		Homework nic Analysis	
	the appropriate term to indicate whether each economic or macroeconomic analysis and positive		
1.	GDP per capita in the United States increased by 2.3% during the year.		
	micro vs. macro	positive vs. normative	
2.	There is an inverse correlation between the in	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 vs. 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 vs. normative	
6.	Unemployment insurance encourages laziness.		
	micro vs. macro	positive vs. normative	
7. The price of oil increases when OPEC cuts oil production.		production.	
	micro vs. macro	positive vs. normative	
8.	The United States exports more grain than any other country in the world.		
	micro vs. macro	positive vs. normative	
9.	The fed funds rate is too high.		
	micro vs. macro	positive vs. normative	
10. Apple increases the supply of Ipads when the cost of produ		cost of producing them decreases.	
	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



- 11. What is the dominant strategy for the United States? Why?
- 12. What is the dominant strategy for the Mexico? Why?
- 13. Both countries will end getting stuck in the dominant strategy equilibrium doing what?
- 14. Both countries would be better off though if they could cooperate and each do what?