DSE 2009 Answer Key
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Part I

1.(c) 32

2.(b) ii is true

3.(d) $0.025\sqrt{2\pi}$

4.(a) no solution

5.(c) $P(x)$ and $Q(x)$ are identical

6.(d) All three are correct

7.(b) 5/6, 5/4, 5/9

8.(a) Rs. 8

9.(d) R squared for the regression

10.(a) $\Pr(X > Y) = 1$

11.(b) 16

12.(b) 15

13.(a) $x = 3p/4$

14.(d) Both 3/2 and 5/2

15.(b) 12 Rupees

16.(b) the nominal interest rate

17.(c) an increase in the equilibrium value of income and a decrease in the equilibrium value of real interest rate

18.(d) upward sloping

19.(c) would result in a decrease in the equilibrium value of income only if the Marshall-Lerner condition is satisfied

20.(a) Five percent

Part II

1.(d) (i) is false, (ii) is true

2.(a) the words WOO and OWW necessarily have the same meaning

3.(c) (i) $a = -1$ (ii) $a = 1$ (iii) all other values of a

4.(b) the solution set $\{(1 - z/3, 2z/3, z) | z \in \mathbb{R}\}$

5.(c) $f'(0) = 0$ and $f'(x)$ is discontinuous at $x = 0$

6.(b) One

7.(d) $(4, 2)$

8.(a) $a = 2c$, $b = -c^2$

9.(c) 2

10.(d) A is a Liar, B is a Normal person, C is a Truth-teller

11.(b) 1/72

12.(c) The assertion is not rejected at the 10% level

13.(c) $1\frac{17}{18}$

14.(d) 7.5

15.(a) 9

16.(a) (0.4; 0.1)

17.(b) 0.6

18.(b) 1/3

19.(a) Only if our data satisfy assumptions (1) and (2)

20.(b) Only if our data satisfy assumptions (1), (2), (3), and (4)

21.(a) 0

22.(d) Juliet would want to give Romeo some chocolates if she had more than 64 chocolates.

23.(d) I, II and III

24.(b) 10

25.(b) 10

26.(b) (5 books, 75 movies)

27.(d) (5 books, 80 movies)

28.(c) xPy & yIz & zIx

29.(b) allocations satisfying ($x_A = 0, 0 \leq y_A \leq 2$) and ($0 \leq x_B \leq 4, y_B = 0$)

30.(e) None of the four options is correct

31.(b) the IS curve is downward sloping and the LM curve is vertical

32.(a) the IS curve to the left and the LM curve to the right

33.(b) a decrease in the equilibrium value of Y and an increase in the equilibrium value of e

34.(d) all of the above

35.(c) will reduce savings unambiguously only for a borrower

36.(a) lower investment by raising the user cost of capital

37.(b) increases the growth rate of the economy in the transition to the steady state but not in the steady state

38.(d) the savings ratio where consumption (per capita) is maximized in the steady state

39.(c) all wages consumed, all profits invested

40.(c) (i) and (iii)

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