

- 1.(c) $\frac{1}{3}$
- 2.(d) the distribution has multiple medians
- 3.(b) $\frac{1}{12}$
- 4.(c) $\frac{7}{8}$
- 5.(a) the interval contains the parameter β with probability 0.95
- 6.(a) \succ is transitive
- 7.(c) constant marginal rate of substitution and diminishing marginal utilities
- 8.(d) lexicographically preferring x_1 to x_2
- 9.(d) both firms produce positive outputs with firm 2 producing more than firm 1
- 10.(a) it doubles
- 11.(c) always an automatic stabilizer in the long run
- 12.(d) all of the above
- 13.(b) government seigniorage goes down
- 14.(c) it affects the money demand function but does not affect the investment function
- 15.(d) an decrease in both the real and nominal demand for money
- 16.(b) $-\det A$
- 17.(c) has limit points 1 and -1 (Note: The sequence has no limit but it has two limit points.)
- 18.(d) all of the above are true
- 19.(c) $\frac{1}{2}$ and $\frac{1}{2}$
- 20.(d) 2
- 21.(c) $2 \int_a^b f(x)dx$
- 22.(c) $\frac{n}{n+1}$
- 23.(b) X and Y are uncorrelated but dependent
- 24.(a) $\frac{1}{2}$
- 25.(d) $\frac{28}{45}$
- 26.(c) $\frac{\sin^{-1}(x)}{\pi} + \frac{1}{2}$
- 27.(d) σ^2
- 28.(c) $\frac{1}{25}$
- 29.(b) $\frac{21}{37}$
- 30.(a) not independent
- 31.(d) 1 gets (1, 0) and 2 gets (1, 1)
- 32.(a) $\frac{p_x}{p_y} = 1$
- 33.(c) $\frac{p_x}{p_y} \leq 1$
- 34.(c) is empty
- 35.(a) the lottery (0, 0.11, 0.89)
- 36.(c) A gets $\left(\frac{1}{2}, \frac{3}{2}\right)$ and B gets $\left(3, \frac{1}{2}\right)$
- 37.(d) $x_d = x^*$ and $y_d = y^*$
- 38.(d) $p_1 = 3$ and p_2 is 2 or 3
- 39.(a) firm 1's optimal isoprofit curve and firm 2's reaction curve intersect at (q_1, q_2) and are tangential at (q_1, q_2)
- 40.(b) a non-credible threat
- 41.(c) real wage is unchanged and real money supply is unchanged.
- 42.(b) budget will go into surplus
- 43.(a) $\beta > \frac{\gamma}{\delta}$
- 44.(c) for high values of P it will be vertical; for some mid-range values of P it will be downward sloping; for low values of P it will be vertical again
- 45.(d) shifts to the right
- 46.(a) shifts up
- 47.(c) $\frac{1}{1 - c_B + \lambda(c_B - c_A)}$
- 48.(b) equilibrium output unambiguously decreases
- 49.(a) equilibrium output unambiguously increases
- 50.(a) equilibrium output unambiguously increases
- 51.(b) at most one
- 52.(a) (i) is true and (ii) is false
- 53.(a) (i) is true and (ii) is false
- 54.(c) g is increasing in x but may or may not be increasing in y
- 55.(d) none
- 56.(c) Z
- 57.(a) X
- 58.(b) f has a minimum but not a maximum over (a, b)
- 59.(a) $f(x) \leq 0$ for every $x \in [a, b]$
- 60.(a) g is non-decreasing.

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