DSE 2011 Answer Key
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1.(a) local minimum

2.(c) the entire plane

3.(b) 2

4.(b) linearly dependent

5.(d) If $Rank(\mathrm{A}) = n$ and a solution exists, it must be unique

6.(b) The sample of size 30 is likely to yield more precise estimates of average height than the sample of size 20

7.(d) Type II error, which would denote a false negative

8.(a) A unit change in X is associated with a 50% change in Y

9.(c) $(1-p_1)(1-p_2)(1-p_3)$

10.(d) Rs. 5

11.(b) Rs. 7.5

12.(a) Rs. 40

13.(a) The quantity at which the leader's isoprofit curve is tangential to the follower's reaction curve

14.(b) B

15.(b) the long run average cost curve is decreasing

16.(a) will be flatter

17.(c) leave the LM curve unchanged (assuming that we are plotting it in $(Y, i)-$space where Y is income and i is nominal interest rate)

18.(c) the sum of price elasticities of exports and imports is greater than 1

19.(c) upward sloping

20.(b) a negative relationship between unemployment and real GDP

21.(b) (i) is false and (ii) is true

22.(c) Both are true

23.(c) $b < 2$

24.(a) convex

25.(a) discontinuous at every $x \neq 0$

26.(a) $A^2B^3 = B^3A^2$

27.(a) a Club

28.(c) a Club

29.(b) There are at least two sets of individuals that are both a Club and a Tribe

30.(b) a Tribe

31.(c) 0.2

32.(b) 0.1

33.(d) 0.75

34.(b) 0.5

35.(b) equal to the probability that it will end in 6 games

36.(b) 0.747

37.(b) The parameters a_0 and a_4 can be estimated, but not a_1, a_2, a_3

38.(a) Include one dummy variable in the multiple regression

39.(a) The estimated a_1 will be upwardly biased

40.(b) 62.5

41.(c) 2

42.(a) 10

43.(d) All of the above

44.(b) $f(x, y) = \min\{\alpha x, y\}$

45.(d) $(1, 2), (5, 2)$

46.(c) If $\beta > \alpha$, then the price of X is 0

47.(c) Both (a) and (b)

48.(b) 15 units

49.(d) All of the above

50.(a) Eliminating a strategic option may be beneficial

51.(c) $\pi = w - \lambda$

52.(a) necessarily reduces I

53.(b) the smaller the effect of an increase in G on r

54.(c) a very small negative effect on r

55.(b) 1000

56.(d) 1/10

57.(d) 10000

58.(b) 1000

59.(c) will increase the steady state level of output per worker and leave unchanged the growth rate of aggregate output in the steady state

60.(b) will decrease the steady state level of output per worker and increase the growth rate of aggregate output in the steady state

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