

Exercises for seminar week IV, October 12 - 15, ECON3215/4215, fall 2010

A

Cowell problem 5.3 (page 119)

The utility function has the form

$$\alpha \log x_1 + [1 - \alpha] \log x_2$$

where x_i is the amount of consumption in period i ; cf. the reference to problems 4.7 and 4.2 type A.

B

Cowell problem 5.4 (pages 119 - 120)

There is a misprint in the book. The definition of \bar{y} should be

$$\bar{y} := k + \frac{\alpha}{1-\alpha} \left[\frac{y_2 - k}{1+r} \right]$$

C

Cowell problem 5.8 (page 121)