Quiz # 4
Chapter 6 and 7
Suggested Answers
Group 3
Econometrics 06216

Name_____

- Choose the most correct answer
- You have 5 minutes to solve out this quiz

1. It is desirable to have estimators that are BLUE because:
   a. Linear estimators are always better than non-linear ones.
   b. If estimators are BLUE the R^2 cannot be improved upon.
   c. Otherwise the hypothesis testing process would be weak and unreliable.
   d. All of the above.

2. According to the Adjusted R^2, which of the following sentences is true?
   a. Its value has no economic interpretation.
   b. Sometimes is used as indicator of whether or not include a regressor in a model
   c. It shrinks as the sum of squared residuals grows.
   d. a) and b) are correct.

3. Which of the following specifications permits estimate elasticities within a model:
   a. Semi-log
   b. Logarithmical
   c. a and b
   d. None of the above

4. Minimizing the sum of squared residuals in a multiple regression requires that:
   a. $\sum_i X_{ji} e_i = 0$
   b. $\sum X_0 e_i = 0$
   c. $SST \neq SSR + SSE$
   d. None of the above

5. A test that is more likely to reject the null hypothesis when it is true than when it is false is called:
   a. A biased test
   b. A weak test
   c. An inconsistent test
   d. A strong test