Final Exam

Instructions: This exam has a total of 105 points (35% of your grade). Point values for each question are listed to the right of each question number. Answer all questions briefly but completely. Good luck.

1. (16 points)
   a. Describe how the Dictator Game is played.
   b. According to conventional economic theory, what would be the outcome of the Dictator Game?
   c. In experimental settings, how often does the Dictator Game result in the outcome in part (b)?
   d. How does asymmetric information affect the results in experimental studies?

2. (12 points) According to the information discussed in class, in conducting a survey for a project, when is it best to use:
   a. a mail survey?
   b. phone interviews?
   c. face-to-face interviews?

3. (10 points) Briefly explain why the concepts of expected value and present discounted value are used in cost-benefit analyses of public goods.

4. (16 points) Based on the discussion in The Craft of Research on how to screen sources for reliability,
   a. list 4 characteristics of printed material that would indicate reliability;
   b. list 4 characteristics of internet sources that would indicate reliability.

5. (5 points) Does David Collander view Milton Friedman as an artist or a scientist? Circle the correct answer: Artist or Scientist

6. (15 points) Define the following terms as they have been used in this class:
   a. Warrant
   b. Order bias
   c. Lost letter experiment
   d. Deduction
   e. Sensitivity analysis

7. (11 points)
   a. Define Data Envelopment Analysis (DEA).
   b. Discuss how DEA was used to analyze cataract surgery.
8. (20 points) True or False: Circle T if the answer is true and F if the answer is false.

T    F    In professional golf, skillful putting increases earnings more than skillful driving, i.e., the adage, “putt for dough, drive for show,” is still true today.
T    F    In the oral report about the economic impacts of doing business in China, the prediction was made that the optimal time to enter the Chinese market is now.
T    F    A sports franchise is an “engine of growth” for a city, i.e., a good investment based on monetary costs and benefits.
T    F    After the Dutch legalized marijuana, their property crime increased.
T    F    In the report on species preservation, the estimated value of a marginal species was around $65,000.
T    F    In the paper by Jonathan McCarthy and Richard W. Peach, "Are Home Prices the Next 'Bubble'?" the authors claim that there is not a bubble because real home prices have not increased, only nominal prices.
T    F    From 1999-2004, Russia experienced economic growth.
T    F    One motive for the merger between Daimler-Benz and Chrysler was to gain economies of scale and scope.
T    F    U.S. firms that outsource perform better economically.
T    F    Boeing has financial information about Airbus superior to the financial information that Airbus has about Boeing.