ECONOMETRIC THEORY
EXERCISES 8

Confidence sets


1. Discuss the relationship between hypothesis tests and confidence sets. In particular, the following points should be covered:

(a) How can a confidence set be derived from a family of tests?
(b) How can a test be derived from a confidence set?
(c) If a confidence set for a parameter $\theta$ is derived from a family of tests with level $\alpha$, what is the level of this confidence set? Justify your answer.

References
