

How will you be paid for your predictions?

You are asked to state a number between 0 and 100 as your PREDICTION of the true average number of ECU that was sent to another participant.

1. Let us call your PREDICTION P , and the TRUE average received by the participant T .
2. Given your prediction, we can calculate the difference $(P - T)^2$.

Note: Since both P and T are between 0 and 100, the minimum value of this difference is 0, while the maximum value is 10,000.

3. At the end of the experiment, we use a computer software to randomly draw a number N between 0 and 10,000.

Each number between 0 and 10,000 is equally likely to be drawn.

4. You earn 2 USD if $(P - T)^2$ is less than or equal to N , and zero otherwise.

Summary:

You are more likely to receive 2 USD when $(P - T)^2$ is smaller!

The more accurate your prediction is, the smaller $(P - T)^2$ will be, and the more likely it is that you receive 2 USD.

Hence, you should state your prediction as accurately as possible.