How will you be paid for your estimate?

You are asked to state a number between 0 and 10 as the number of questions you ESTIMATE you answered correctly in Part 2.

1. Let us call your ESTIMATE E, and the TRUE number of questions you answered correctly T.

2. Given your estimate, we can calculate the difference $(E - T)^2$.

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

3. At the end of the experiment, we use a computer software to randomly draw a number N between 0 and 100.

   Each number between 0 and 100 is equally likely to be drawn.

4. You earn 40 cents if $(E - T)^2$ is less than or equal to N, and zero otherwise.

Summary:

You are more likely to receive 40 cents when $(E - T)^2$ is smaller!
The more accurate your prediction is, the smaller $(E - T)^2$ will be, and the more likely it is that you receive 40 cents.

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