

Exercise 2.1 Prior Distributions

Instructions: You may discuss this assignment with other students in the class, but you must submit your own answers to the questions below. Include an honor pledge with your submission. Submit online and in PDF. This exercise is ungraded.

1. Ask a friend to estimate the distance from the earth to the sun. Then by using a draw of a value, U , from a uniform distribution, find your friend's point of indifference, p , between a bet that your friend's estimate is within 10% of the correct distance to the sun and a bet that $U < p$.