

(1) Suppose you conduct a second-price auction to measure the value people place on cage-free eggs. After conducting the auction you receive the following bids.

Bidder	Bid
John	\$10
Jacob	9
Jingle	8
Heimer	7
Schmidt	6

The winner of the auction is _____ and he pays \$_____ in exchange for the cage-free eggs.

(2) The second-price auction is used because it gives rational people the incentive to submit a bid

exactly equal to the _____ they place on cage-free eggs.

Download the salary data for K-State graduates at <http://seeds.okstate.edu/SeedsPPP/TAN,3/SalaryDataTest.xlsx>. These data contain salary information on agricultural economics graduates and animal science graduates. All individuals have less than ten years of experience. Use these data to answer the following questions.

(3) These data contain salary information for a sample of people, and thus average salaries from the data are _____ averages. We use this information because we are curious about the salaries of all K-State graduates with these degrees and less than ten years of experience. So we use the sample averages to make inferences about the _____ averages.

(4) In the data, the average salary for ag econ graduates is \$_____ and for animal science graduates is \$_____.

(5) Are these differences *really* correlated (notice I didn't say "caused") by differences in degrees, or are they perhaps caused by randomness (stochasticity)? Answer by performing a statistical test using the T.TEST function. Describe your answer below. Say what the p-value is and how it is interpreted.