Congrats To Polymarket, But I Still Think They Were Mispriced

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NOV 07, 2024

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I.

Polymarket (and prediction markets in general) had an amazing Election Night. They called states impressively early and accurately, kept the site stable through what must have been incredible strain, and have successfully gotten prediction markets in front of the world (including the Trump campaign). From here it's a flywheel; victory building on victory. Enough people heard of them this election that they'll never lack for customers. And maybe Trump's CFTC will be kinder than Biden's and relax some of the constraints they're operating under. They've realized the long-time rationalist dream of a widely-used prediction market with high volume, deserve more praise than I can give them here, and couldn't be happier with their progress.

But I also think their Trump shares were mispriced by about ten cents, and that Trump's victory in the election doesn't do much to vindicate their numbers.

II.

Suppose you have a coin. You think there's a 90% chance it's fair and a 10% chance it's biased 60/40 heads. Then you flip the coin and comes up heads. What should your new probability be? You would solve this with Bayes' Theorem; the answer is 88% chance it's fair, 12% chance it's biased.

Why didn't it shift your beliefs more? Didn't the experiment "vindicate" the bias

hypothesis' claim that it would land on heads more, by in fact landing on heads? Yes, but the fair-coin hypothesis already held that it was pretty likely to land heads, and the biased coin hypothesis didn't add much to this (60% chance vs. 50%). And since you were previously pretty confident in the fair-coin hypothesis, this unremarkable minor finding only shifts your confidence a tiny amount (2%).

Is this just some sort of pathology of extreme confidence? No. Even if you'd started out ambivalent between the two hypotheses, with equal chance that the coin was fair or biased, a single heads should only shift you to 55-45. You just shouldn't update much on single dramatic events!

Even if you start out ambivalent between the two hypotheses, and you flip it five times, and you get *five heads in a row*, you still shouldn't be very confident! At this point, the probability that it's a completely fair coin is still ~29%! Why so high? Because it's implausible that a fair coin would get this many heads, but it's about equally implausible that a coin biased "only" 60-40 would. Either way, you got a weird amount of luck. The amount of luck necessary to get this this result with a fair coin is only slightly greater than the amount necessary to get it with a biased coin, so overall you still shouldn't be too sure. It's just really hard for this paradigm - flipping a coin that could be fair or could be 60-40 - to give you useful evidence.

III.

This is equivalent to the implicit argument between Polymarket and a group of other forecasting sites, especially Metaculus.

Just before the election, Polymarket and other real-money prediction markets said Trump had a 60% chance of winning. Metaculus and other non-money forecasting sites said he had a 50% chance of winning.

Then Trump won. Should this increase your trust in Polymarket rather than Metaculus? Only by the tiniest of amounts. If you previously thought (like I did) that there was a 90% chance that Metaculus was more accurate, you should update down to 88%.

But this point holds regardless of your previous opinion of Polymarket vs. Metaculus - whether you thought they were both about equal, or Polymarket was better. Whatever your opinion, the election should barely change it.

This is my main point. In the rest of this post, I'll explain why I originally thought 90% odds Metaculus was right and Polymarket was wrong (implying the new probability should be 88%), then answer some potential objections.

IV.

Just before the election, various forecasters, markets, and wisdom-of-crowds sites separated into two groups.

One group - the non-money forecasters - said the election was 50%. Nate Silver was in this group. So was Metaculus, a forecasting engine which has outperformed prediction markets in the past, and Manifold, a mostly-play-money prediction market.

Another group - the real-money markets - said the election was 60%. Polymarket was the leader here; a group of smaller prediction markets, including Kalshi, Betfair, and PredictIt - were probably just changing downstream of Polymarket, as traders tried to arbitrage the bigger site's odds.

Before the election, I said that we should trust the non-money forecasters over the real-money markets, for three reasons:

First, non-money forecasters have beaten real-money markets in past elections. Here's a graph of 2022 results, courtesy of First Sigma:

Accuracy scores of prediction platforms
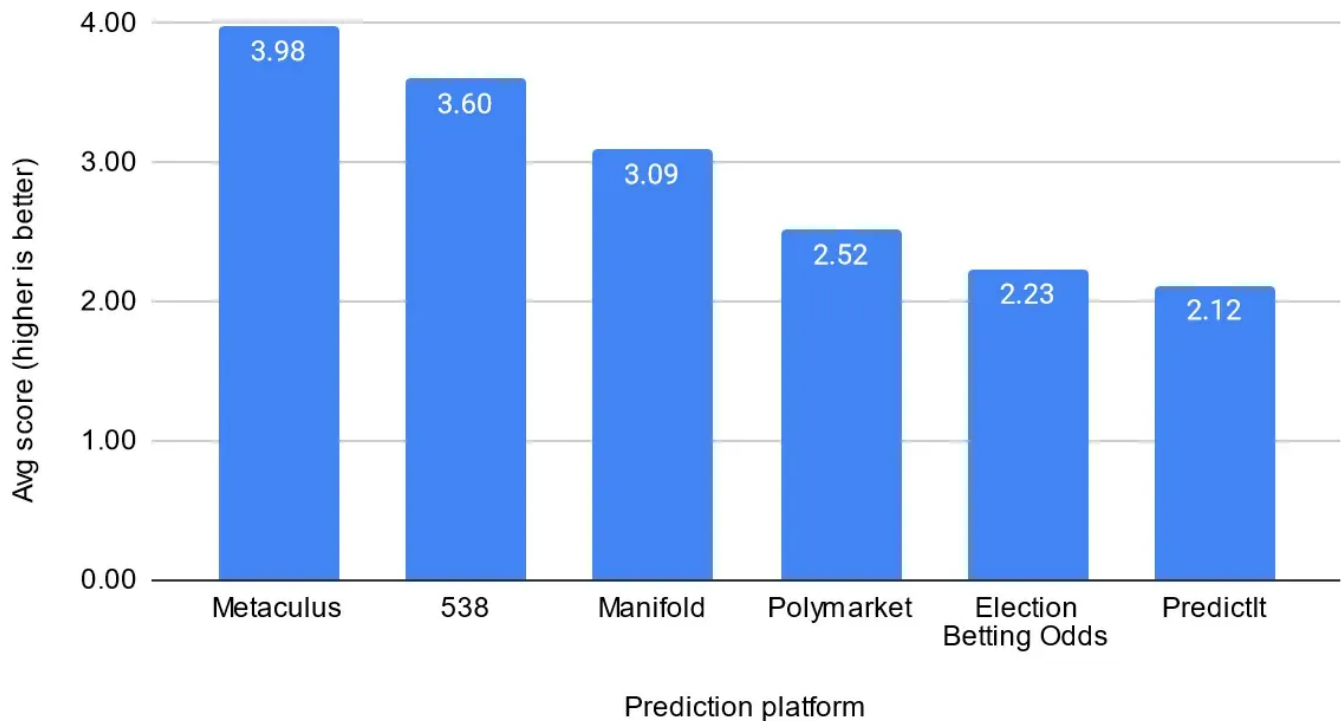
Every single non-money forecaster beats every single real-money market.

Maxim Lott looks at a longer term matchup between all real-money markets and 538. He finds they are mostly equally good over the long term, but that including the most recent results 538 wins by a hair.

In my own contest, Metaculus (a non-money forecaster) outperformed Manifold (a play-money market with some tenuous connection to real money). And in Manifold's own poll, users said they thought Metaculus was more accurate than Polymarket or themselves.

Second, real money markets have a long history of giving weird results.

As we speak, PredictIt says there's a 7% chance that Kamala Harris will be the next President. Commenters are debating whether maybe Biden will resign in her favor so she can get to be "first woman president" for a few months. But long after Biden won the last election, PredictIt said there was a 9% chance Trump would be the next President; some

commenters suggested that maybe he would #StopTheSteal and win a fair recount (aside from the inherent implausibility of this, some of the specific scenarios bettors placed money on required him to win California, where his campaign hadn't even *asked for* a recount).

I think it's more likely that real-money markets have structural problems that make it hard for them to converge on a true probability. After taxes, transaction costs, and risk of misresolution, it's often not worth it (especially compared to other investments) to invest money correcting small or even medium mispricings. Additionally, there is a *lot* of dumb money, most smart money is banned from using prediction markets because of some regulation or another, and the exact amount of dumb money available can swing wildly from one moment to the next.

Non-money forecasters have an opposite problem of having no incentive to get things right in the first place. This disqualifies most pundits, but the best forecasting sites have found ways around this. On Metaculus, users risk reputation rather than money; this is easier, since there isn't some opportunity cost to Metaculus reputation that creates weird dynamics of when vs. when not to invest. On Manifold, people risk play money, which is sort of linked to real money in various obscure ways but you can't trivially sink your life savings into Manifold and expect to get it back; this is about halfway between monetary and reputational systems. As for Nate Silver, I think he loves gambling enough that he naturally uses a gambling mindset even when he's not risking money (although he is risking his own reputation, and sometimes does risk money on his beliefs). I didn't originally think these kinds of "soft" incentives would work as well as real money, but the evidence above has changed my mind.

Third, we know perfectly well why the non-money forecasters and real-money markets differed during this election. Until early October, Metaculus (the top forecaster) was consistently +4% bluer than Polymarket (the top market). This was the expected result: in the past, Metaculus has always been a few percentage points bluer than Polymarket, but they otherwise moved in sync.

Then, starting mid-October, a semi-anonymous French banker who went by "Theo" started plowing millions of dollars into Trump on Polymarket, inflating his chances (different reporters would estimate Theo's total bet at between $30 - $75 million dollars). At the height of his activities, Polymarket was +13% redder than Metaculus, an unprecedented difference. All the other real-money markets rose close to Polymarket's level because of arbitrage, and all the non-money forecasters stayed close to Metaculus.

If not for Theo, there's no reason to think Polymarket would ever have shifted from its usual regime. So when we're asking whether to trust Polymarket's conclusion (Trump 60%) or Metaculus' conclusion (Trump 50%), we're asking whether to trust the normal operations of the prediction market vs. the personal opinion of one whale. I trust the normal operations of the market.

All of these factors gave me a 90% prior that Metaculus was better calibrated than Polymarket on the elections; now that Trump's won, I update to 88%.

V.

I made this argument on some comment threads and people raised objections. In case that was you, here are my responses.

—*Shouldn't we count Theo's opinion a lot because he was willing to bet so much on it? Or because he was smart enough to get rich in the first place?*

Yes! I agree that both those things make him more trustworthy, and I take his opinion more seriously because of them.

But I also take this person's opinion more seriously, for the same reasons.
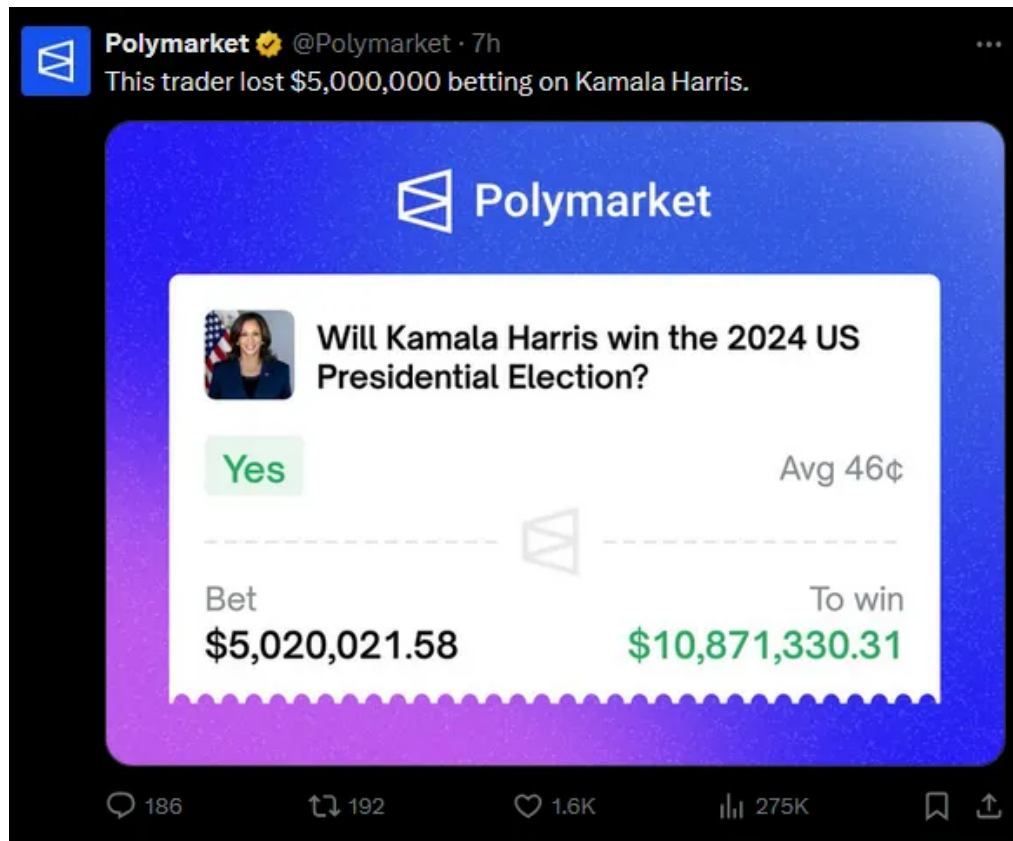
The person in the tweet was smart enough to make $5 million, confident enough to bet it - and turned out to be wrong. Intelligence and confidence only take you so far, especially when there are equally intelligent and confident people on the other side.

My claim is that, as much as I respect Theo's good qualities, they don't make me want to weigh his opinion a significant fraction as highly as the opinion of everyone else in the world combined. But that's what I'd be doing if I updated on Polymarket's probabilities.

If Theo hadn't bet on Polymarket, it would still have been at ~54%. I consider that the average opinion of the non-Theo world. In order to update six points towards Theo's opinion, I would have to believe that the amount of money someone puts into Polymarket is exactly proportional to their trustworthiness. This is a fair approximation for the Polymarket algorithm to use; it's the assumption that drives prediction markets. But in this case, it doesn't make sense.

Suppose that Theo had done even better at his banking job, was 10x as rich, and could

move Polymarket up to 90%. Now should we say that the "true" probability of Trump's win was 90%? Imagine he spent half his money on a yacht just before the election and only had enough money left to move the markets up to 56%. Now should we say that the "true" probability of Trump's win was 56%? Why should the true probability of Trump's win depend on whether a French guy bought a yacht or not?

—*Isn't the whole point of a prediction market that people who bet more money should get their opinions counted more than people who have less money?*

Yes, but this system is meant to work in a world where amounts of money are at least somewhat even.

There are many systems which work pretty well because everybody is about equally powerful. For example, Bitcoin proof-of-work is very secure because nobody controls more than half the Bitcoin mining computers in the world – and even if they did, they would have an incentive to use them responsibly. But if someone did control more than half the computers, and used them irresponsibly despite the incentive not to do so, Bitcoin would become insecure.

In the same way, prediction markets work because we expect nobody to have vastly more money than anyone else, giving everyone a fair chance to compare their opinions. In the rare cases when that assumption gets violated, they don't work.

—*I thought the whole point of prediction markets was that if anyone put in a crazy amount of money, thousands of other people would show up to correct the market manipulation!*

Yes, and like proof-of-work, that works in most reasonable cases. This was an unreasonable case. We know that because the market broke its synchrony with other unaffected markets as soon as Theo started betting, and never regained that synchrony. So obviously the market didn't correct Theo's bet.

Why not? In order for an American to use Polymarket, you have to get a VPN, a Coinbase account, and a Metamask wallet, use the VPN, get crypto on the Coinbase account,

transfer it to the Metamask wallet, connect the Metamask wallet to Polymarket, and buy the shares you want. Ability to do this rules out 99% of the US population.

But fine, suppose you did that. The median American has a net worth of $200K, but let's say anyone who can do all that stuff is likely to be a rich techie with $1M. How much do you want to spend on this? If I understand the Kelly criterion right, it says to bet $166,000. But for everyone except Sam Bankman-Fried, this level of risk-tolerance, *even on a +EV bet*, feels insane. I'm not going to talk about my exact betting behavior because Polymarket is illegal in my country, but when I, uh, imagine doing this in Minecraft, then, in Minecraft, I bet $2,000.

(pouring hundreds of thousands of dollars into opportunities like this would be a no-brainer if they came up every day and you could diversify across fifty of them, but this was a one-time mispricing and there aren't a lot of similar cases)

If everyone bets $2,000, then you'd need 15,000 - 35,000 people to take the other side of Theo's bet. I claim that there just weren't that many individual people who knew about Polymarket, knew enough about the election to understand that it was mispriced, were able to handle the crypto, and weren't too risk-averse to put up $2K. Of the few people like this who existed and hadn't already bet on Polymarket before Theo arrived, probably many of them were using their gambling budget for better deals (like arbitraging Polymarket instead of outright betting against it).

—But isn't there a lot of smart money and hedge funds who could do this?

I have never heard of a hedge fund betting on a prediction market and my guess is that it would either not be legal or require too much compliance paperwork to be worth it. I hope this changes!

—But didn't Theo give a great explanation of his strategy to the Wall Street Journal, an commission private polls, which proves he was working off of really smart reasoning?

Yes, but there were dozens of people who could give equally-plausible arguments for their

positions before the election. These were divided half-and-half into intelligent-sounding pro-Kamala arguments and intelligent-sounding pro-Trump arguments, and Theo was a completely replacement-level example of the intelligent-sounding pro-Trump arguments. We should think of him as an example of an intelligent person with a good argument who got lucky, unlike the many other intelligent people with good arguments who didn't. I don't find the private polls very interesting either - the existence of private pollsters implies this happens often, and we shouldn't expect these private polls to be massively better than the public ones.

(none of this is meant to knock Theo. He seems like a brilliant trader who did everything right and won a much-deserved reward. But markets work because of the interaction of many traders like this. When only one person does it, he may deserve his reward, but we can't assume the market is efficient.)

—*So does this mean we can't trust prediction markets?*

I think prediction markets are among our single best sources of truth, but that (as with every source of truth) we need to think critically about them and notice the rare times when they fail. If you can't think critically, you're going to have a hard time, but in that case I would *still* trust prediction markets over any other source (except Metaculus, which is so similar to a prediction market that it belongs in the same category anyway).

I also think prediction markets will probably become more trustworthy going forward. The more people know about them, and the easier they become to use, the more likely it is that enough minnows will show up to digest the next big whale. I think of this as a good thing, part of the process of prediction markets moving forward.

But on the specific literal level, Polymarket was mispriced last Monday.

160 Likes   ·   10 Restacks

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441 Comments

Write a comment...

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Nathaniel Ramm 15 hrs ago

You "couldn't be more delighted"?

💬 REPLY (2)   ⬆ SHARE   ...

> **Scott Alexander** ✓ 15 hrs ago   ✒ Author
>
> It's a figure of speech, I assume wireheading would work.
>
> 💬 REPLY (2)   ⬆ SHARE   ...

>> **Nathaniel Ramm** 15 hrs ago
>>
>> I get the figure of speech. It's more about being extremely delighted in reference to the broader political and international context - things that are slightly more important than the empirical accuracy of a gambling website.
>>
>> 💬 REPLY (4)   ⬆ SHARE   ...

>> **Scott Alexander** ✓ 15 hrs ago · *edited 15 hrs ago*   ✒ Author
>>
>> I've edited it to "I couldn't be more delighted by their progress," but under slight protest. At every moment, millions of people are dying of war and preventable disease, but you still ought to be able to say you're delighted by specific things sometimes without adding "...aside from the broader political and international context, of course".
>>
>> 💬 REPLY (3)   ⬆ SHARE   ...

Nathaniel Ramm 15 hrs ago

This isn't any old day...

REPLY (2) SHARE

Scott Alexander ✓ 15 hrs ago · *edited 15 hrs ago* ✒ Author

No . . . it's my fortieth birthday! But despite the specter of impending mortality I'm still able to spare a little happiness for Polymarket's victory :)

REPLY (42) SHARE

Søren Elverlin 15 hrs ago

Happy birthday!

REPLY SHARE

d20diceman d20diceman's Substack 15 hrs ago

Happy birthday!

REPLY SHARE

Amaury LORIN 15 hrs ago

Happy birthday! <3

REPLY SHARE

[insert here] delenda est 15 hrs ago

Happy Birthday!

REPLY SHARE

Andreas Ehn 15 hrs ago

Happy birthday, Scott!

REPLY SHARE

Ryan W. Ryan's Newsletter 15 hrs ago

Happy Birthday!

REPLY SHARE

Mostly lurking Mostly lurking 15 hrs ago

Happy birthday!

REPLY   SHARE

Neike Taika-Tessaro The Sound of Your Pulse   14 hrs ago

I write this 44 minutes after you posted it, which is numerologically significant to me more than you, but HAPPY BIRTHDAY. :D

REPLY   SHARE

Yadidya (YDYDY) YDYDY (youtube.com/@YDYDY)   14 hrs ago

Have a Happy Birthday buddy!

REPLY   SHARE

Odd anon Odd anon   14 hrs ago

Happy birthday!

REPLY   SHARE

UK 14 hrs ago

Happy Birthday!

REPLY   SHARE

Josh Hickman 14 hrs ago

Happy birthday 🥳🥳🥳🥳🥳

REPLY   SHARE

Victualis 13 hrs ago

Many happy returns! (And I hope you get a good night's sleep.)

REPLY   SHARE

jumpingjacksplash 13 hrs ago

Happy Birthday!

REPLY   SHARE

Chakravarthy Chakravarthy's Substack   12 hrs ago

Happy birthday!

💬 REPLY   ⬆️ SHARE   ⋯

Tucson 12 hrs ago

Happy Birthday!

💬 REPLY   ⬆️ SHARE   ⋯

[Load More]

Skull 6 hrs ago

Please explain how critically important today is while neither your nor my life changes at all, beyond having to deal with a few more hysterical whiners than usual for a few weeks

💬 REPLY (1)   ⬆️ SHARE   ⋯

Chastity 2 Cradle 2 Grave 3 hrs ago

Please explain how critically important the day that we discovered a dinosaur killer asteroid will hit Earth in 2028 is, while neither your nor my life changes at all, beyond having to deal with a few more hysterical whiners than usual for a few weeks.

This is such a dumb argument.

💬 REPLY (1)   ⬆️ SHARE   ⋯

Skull 39 mins ago

That's not my argument. I don't even know what that analogy means. Unless you're catastrophizing Trump on the scale of nation-collapsing disaster, which is obvious bullshit, I don't have any idea what you're trying to say.

💬 REPLY   ⬆️ SHARE   ⋯

Flauschi 13 hrs ago

A delightful birthday to you!

💬 REPLY   ⬆️ SHARE   ⋯

Tibor 11 hrs ago

This reminds me of this prozd sketch from youtube

https://youtu.be/_AnDFT2I_h0

💬 REPLY   ⬆️ SHARE   •••

magic9mushroom   15 hrs ago

I was hoping Harris would win, but Trump winning isn't the end of the world. There are upsides:

- the baseless lawfare against Elon Musk in retaliation for allowing rightists on Twitter will stop instead of intensifying, which could lead to more advances from Musk's companies

- while Trump's somewhat volatile, this can be an asset in international relations; he managed to drive a wedge between Beijing and Pyongyang when no-one else could, he's willing to drive re-armament of the West, and there are potential outcomes of WWIII where I'd be worried Harris might balk at doing the needful, so while I'm slightly more worried about him in the chair than Harris (largely due to his age) it's not drastically worse.

💬 REPLY (4)   ⬆️ SHARE   •••

Dirichlet-to-Neumann   Le Substack de Dirichlet-to-Neu...   14 hrs ago

I'm very curious to understand the world model that makes you think that Trump - who consistently said that the US shouldn't help Ukraine or Taiwan, would be more willing to engage in a war with China over Taiwan.

(Also the wedge he alledgedly drove between China and North Korea is completely non-existant. NK is just as protected by China today as it ever was, and Trump's diplomatic openings toward NK didn't change anything to the NK nuclear program.)

(As a non-American who mostly cares about how the US election will impact my own country and our allies, I think that international relations is the main field were Harris was completely superior to Trump in all regards)

💬 REPLY (4)   ⬆️ SHARE   •••

magic9mushroom   13 hrs ago

>I'm very curious to understand the world model that makes you think that Trump - who consistently said that the US shouldn't help Ukraine or Taiwan, would be more willing to engage in a war with China over

Taiwan.

I don't particularly think that*. I do think that if he did engage in such a war, and there was a small nuclear exchange ending with Beijing run out of nukes but refusing to surrender, Trump (or Vance) would be certain to call the bluff and methodically burn Chinese cities until the PRC either surrendered or suffered total state failure; I am less certain that Harris has the sheer bloodymindedness necessary to do that, which both in the event gives them a chance to either build more nukes to kill Westerners, or lick their wounds to *try again* in 10 years, and also back-chains to make the PRC leaders less hesitant to pull the trigger in the first place (though this is counterbalanced by the greater chance of coming in at all).

As I said, I *am* slightly more worried about him in the chair than Harris, and like you was hoping for a Harris win on this alone, but there *are* complexities there.

*I think the disparity in chance of coming in is not all that big, in the end, because Trump wants to look "tough on China" (and "tough" in general) and that ties his hands if the PRC does something outrageous like attack Taiwan. But, you are correct, the disparity is in Biden/Harris' favour because Trump is less predictable.

REPLY (2)   SHARE

birdboy2000 9 hrs ago

Americans say the most insanely bloodthirsty things and then wonder why the rest of the world fears them

I hope to live to see this evil empire (and I don't mean China) fall

REPLY (4)   SHARE

magic9mushroom 8 hrs ago

I'm actually Australian.

REPLY   SHARE

Mr. Doolittle 8 hrs ago

MAD apparently kept the world out of what once appeared

to be an obviously impending nuclear war. A key point of MAD is that both sides need to believe that the other side will actually go through with it. This is, counterintuitively, the best way to prevent nuclear weapons from being used.

Those who want peace the most, therefore, have to be the ones most willing to destroy their opponents (or legitimately appear so).

REPLY   SHARE   ...

The Unloginable   6 hrs ago

What makes you think we wonder about that?

REPLY (1)   SHARE   ...

Mallard   6 hrs ago

If Americans would wonder why the world mostly hates them, they'd be wrong. Polls consistently show the US to be popular, globally. E.g. https://www.pewresearch.org/global/2022/06/22/international-public-opinion-of-the-u-s-remains-positive/.

And polls also consistently show the US to be the country to which that the greatest number of people want to immigrate:

https://news.gallup.com/poll/652748/desire-migrate-remains-record-high.aspx.

Notably, the "evil American empire" populated by people who "say the most insanely bloodthirsty things" is consistently far more popular globally than China: https://www.pewresearch.org/global/2023/11/06/comparing-views-of-the-us-and-china-in-24-countries/.

REPLY   SHARE   ...

Skull   5 hrs ago

It's only ever anxiety-ridden Americans and effete Europeans cowering under the American security umbrella

who have the bald-faced cheek to say that the rest of the world hates America.

💬 REPLY (1)   ⬆ SHARE   ···

Peter Defeel Peter's Substack 3 hrs ago

Effete Europeans probably do need to get out of the umbrella of the US empire, which is largely hostile to it.

Anyway Europe is the west and the US is something else. As it keeps reminding us.

💬 REPLY (1)   ⬆ SHARE   ···

Skull 38 mins ago

Absolutely. America is exceptional. No doubt about that. Please spend more money on defense.

💬 REPLY   ⬆ SHARE   ···

dionysus 8 hrs ago

"I am less certain that Harris has the sheer bloodymindedness necessary to do that"

FWIW the prediction markets disagree with you: https://www.astralcodexten.com/p/mantic-monday-judgment-day

"They could have picked better questions (I'm not sure why "Trump in power beyond 2028" needs to be conditional), but some of these are interesting:

China more likely to invade Taiwan under Trump (25%) than Harris (17%), and Harris is more likely to fight back (75%) than Trump (54%).

Russian prospects in Ukraine better under Trump (75%) than Harris (40%)

Iranian nukes more likely under Trump (49.5%) than Harris (45%)"

💬 REPLY (1)   ⬆ SHARE   ···

magic9mushroom 8 hrs ago · *edited 8 hrs ago*

The statements you have quoted are not in contradiction with each other. In fact, I do not think there are contradictions between my statements in this entire chain and any of the Metaculus forecasts (which are not, strictly speaking, prediction markets). The most obvious explanation for this non sequitur is that you have fundamentally misunderstood my posts.

To be clear, I am saying that Trump is less likely to come in on a Taiwan invasion, but *given that* the USA comes in and it winds up with a nuclear exchange, and given that the outcome is that the PRC is run out of nukes, a few Western cities have been nuked, and the PRC refuses to surrender beyond white peace that doesn't even retract their Taiwan claim (to be clear, I think this is the most likely outcome of such an exchange), I am somewhat doubtful that Harris would call the implied bluff of "you wouldn't dare go full countervalue on the PRC and build a nine-digit pile of skulls", whereas I am all but certain that Trump or Vance would pull that last trigger and burn city after city until the PRC either gave in or collapsed into anarchy.

This latter point is not addressed in the Metaculus forecasts at all, so I'm not contradicting anything.

EDIT: I will note that I think the Metaculus forecasts for both a Taiwan attack and US response are quite low (for both Harris and Trump conditionals) and I would forecast higher. I would note that given that the "Taiwan attack, US responds with boots on the ground" scenario has a high likelihood of nuclear exchange, standard prediction markets (and to some extent play-money-esque systems like Metaculus) are going to underpredict it due to the "you can't collect your winnings if you're dead and/or the market is destroyed" issue.

💬 REPLY   ⬆ SHARE   · · ·

Marian Kechlibar   Kechlibar.net   12 hrs ago

Concentrating on stuff that Trump says is an exercise in futility. He is often contradicting himself.

In the previous term, his administration's policy was only tangentially related to his utterances.

💬 REPLY   ⬆ SHARE   •••

Arrk Mindmaster   11 hrs ago

I don't understand how anyone thinks Harris was superior to Trump on foreign policy. What has she done? Given charge of border security, she was slow to visit the US-Mexico border, and ended up doing almost nothing about it. https://theweek.com/in-depth/1023057/kamala-harris-vice-presidential-track-record One may consider this immigration policy instead of foreign policy, but I don't see how one may consider immigration policy NOT to impact foreign policy.

The most experience I can find of her foreign relations seems to be having visited 21 countries and met with more than 150 world leaders. I cannot find any reference to anything she has DONE with those leaders. It does show she hasn't really impressed them, as foreign leadership goes through other people to contact the US, such as secretary of state or national security advisor. https://www.cnn.com/2024/09/08/politics/kamala-harris-foreign-diplomacy/index.html

My impression is that she has been hidden away so that she can do as little damage as possible, while showing how modern-thinking the US is by having a woman as a vice-president.

In contrast, Trump seems decisive in foreign affairs, though time will tell how good his policies prove to be. He initiated serious trade issues with China (including effectively a trade war), moved the American embassy from Tel Aviv to Jerusalem. and started (though it ended up falling through) talks with North Korea.

The largest problem I have with Trump's foreign policy is his having pulled out unilaterally from the Iran nuclear deal. I do believe it was a

bad deal, but the US had already agreed to it under a previous administration, and this tarnishes any future foreign deals since any future president could undo them.

💬 REPLY (3)   ⬆ SHARE   ⋯

Aleks 7 hrs ago

> Given charge of border security,

She wasn't. She was in charge or improving economy in countries where immigrants come from, to stop them from *needing* to immigrate

Source: https://www.youtube.com/watch?v=HyzGkEV3p2g

💬 REPLY (1)   ⬆ SHARE   ⋯

luciaphile luciaphile 7 hrs ago

Then she's not real bright, if she accepted that charge rather than the much more doable - with the slightest will, and the cover provided by the identity politics that propelled here where she was - charge of securing the border, which would have received no pushback except among the very online left.

The commentariat of the NYT wanted this.

And Democrats don't have to submit to judges - or perhaps one may say, expect judges to overrule them - the way R's do In a matter like that.

There would've been a collective sigh of relief that it could proceed because lady dem Kamala Harris said so.

💬 REPLY (1)   ⬆ SHARE   ⋯

Aleks 7 hrs ago

Well frankly the plan worked. Illegal immigration has started to rise while Trump was still in office – the reason was presumably mostly covid unlock and crisises in countries south to US, not the lax borders. Then, during Biden, they figured out step by step how

to get it down. It's almost at the level it was when Trump left office.

https://x.com/caffeinum/status/1853485898718904825

REPLY   SHARE   ...

Paul Goodman 7 hrs ago

The claim isn't based on Harris's track record since she doesn't have much of one one way or the other. She's mostly assumed to be a generic Democrat.

Trump seems a lot softer on China now than he did during his first term, flip flopping on the Tiktok ban and sounding very hesitant to support Taiwan against Chinese aggression.

Meanwhile he's been consistently soft on Russia going back way further than that, including the incident he was originally impeached for where he held up Congressionally mandated aid to Ukraine for his personal political advantage.

And a large chunk of the senior foreign policy leaders of his first administration came out against him, including Secretaries of State and Defense and at least one Chairman of the Joint Chiefs. That alone says pretty bad things about the quality of his leadership.

REPLY   SHARE   ...

Jeffrey Soreff 3 hrs ago

>while showing how modern-thinking the US is by having a woman as a vice-president

<mildSnark>

Suggestion to the Democratic party for 2028: How about asking Kemi Badencoch if she'd like to run a larger country? Yeah, there is that phrase about "natural-born citizen", but I'm sure that can be worked around... :-)

</mildSnark>

REPLY   SHARE   ...

Realus 9 hrs ago

You do realize that there were many peace treaties signed in the Middle East under Trump, don't you? Also Trump didn't send billions in aid the terrorist nation of Iran like Obama or implicitly support Iran's nuclear program like Biden.

If you don't think Iran is a terrorist state, then no need to discuss any further.

Have you heard with full CONTEXT when Trump said he the US shouldn't help Taiwan? Ukraine I am sure he has said. What he will actually do, well, do you like to gamble :-)

But Taiwan? If so, please send a link.

💬 REPLY   ⬆ SHARE   ⋯

Buckwheatloaf 13 hrs ago

ive also learned to use the word lawfare this past week xD

💬 REPLY (1)   ⬆ SHARE   ⋯

Deiseach 11 hrs ago · *edited 10 hrs ago*

I am enjoying, and yes it is Schadenfreude, the news that the cases against Trump will now have to be dropped since he's President-Elect.

Politico has a typically calm and even-handed article on it:

https://www.politico.com/news/magazine/2024/11/07/trump-legal-failures-blame-column-00187945

I'm especially enjoying the turning on Merrick Garland, the former Martyr of Justice who had been so egregiously cheated of his rightful spot on the Supreme Court.

I enjoy even more that the "but he is a convicted felon, 34 FELONIES" stuff went nowhere.

This was supposed to be damning, but it also came from the set of people who in other instances demanded we should scrap terms like "felon" because they were de-humanising:

https://fortunesociety.org/wordsmatter/

" People with criminal justice histories are referred to in an array of dehumanizing labels, such as "inmates," "criminals," "prisoners," "convicts," "delinquents," "felons," and "offenders."

...Dehumanizing labels stereotype and marginalize people rather than support them while they rebuild their lives. Individuals with justice system involvement are not defined by their conviction history. The

Expand full comment

REPLY (4)   SHARE

Realus 9 hrs ago

Great stuff on The Fortune Society. Much appreciated!

REPLY   SHARE

Philo Vivero 9 hrs ago

You must have missed the memo.

None of those restrictions on language apply to straight white males. Trump is obviously that. So you can call him a felon, fascist, mis-gender him, dead-name him, anything you want.

And I'm not being a sarcastic asshole.

This is the actual stated truth. The less like a straight white male you are, the more you can claim people be careful their language around you.

REPLY (1)   SHARE

Jeffrey Soreff 3 hrs ago

I'm ambivalent:

I'm not sure whether I loath the wokes' global censorship or their local language policing more intensely.

REPLY   SHARE

John N-G 8 hrs ago

This makes me nothing but sad. The most dangerous thing about Trump, to my mind, is that he dehumanizes people every chance he gets. Dehumanization is the first step toward quite a few historical evils.

REPLY   SHARE   ⋯

Jeffrey Soreff   3 hrs ago

How do they feel about "bloody-handed murderer"? Specificity is useful!

REPLY   SHARE   ⋯

Kenny Easwaran   Kenny Easwaran   7 hrs ago

I'm very worried about an increase in lawfare now that the people who endorse it are getting into power! (Especially the guy who turned my porn site x.com into a set of political ads.)

REPLY (2)   SHARE   ⋯

Arrk Mindmaster   5 hrs ago

I thought that was about a game where Martians attack and invade Earth, and we defend against them.

REPLY   SHARE   ⋯

anomie   3 hrs ago

Don't know what you're talking about, there's plenty of good porn there still... Though, people are getting more serious about moving to Bluesky now that Musk has been, uh, more emboldened.

REPLY   SHARE   ⋯

le raz   3 hrs ago

My main delight is that it's a blow against a) legacy media and b) cancel culture.

If you pay attention to events closely, you'll see that most news outlets (e.g., top sites on Google when you search a news story), are grossly distorted on any vaguely culture war topic, and distorted in favour of the radical left. To me, the clearest insurance was the coverage of Depp v.

Heard. It was really disgusting to see people defend an abuser (Heard) like that, having actually watched 100% of the court footage.

Similarly I've had horrible experiences of cancel culture.

You saw it in how the Democrats ran the election. One of their core strategies was slandering their opponents and calling them bigots, sexists, extremists, fascists, racists, etc... E.g., they characterize JD Vance as an extremist despite him almost not getting the VP nomination due to being too democrat leaning (see the leaked JD Vance dossier). I'm sick of the hypocritical gaslighting, so to me, the election result feels like a breath of fresh air.

REPLY (1)   SHARE   ...

le raz 2 hrs ago

What is sad is that so many have been sold on the propaganda that Trump is Hitler. I've had democrats friends talking about how "they want to kill the guy." Fyi, voicing death wishes about a president is a federal crime.

It is insane and sad. They spout how they want to literally kill their political opponent, while complaining that the republicans are the divisive party?!

REPLY (1)   SHARE   ...

Mallard 27 mins ago

Fyi, voicing death wishes about a president isn't a federal crime (https://en.wikipedia.org/wiki/First_Amendment_to_the_United_States_Constitution#Freedom_of_speech_and_of_the_press, https://en.wikipedia.org/wiki/Threatening_the_president_of_the_United_States#Watts_v._United_States, etc.).

REPLY   SHARE   ...

anon123 4 hrs ago

It's one thing to be in mourning because your preferred candidate lost; it's insufferable to expect everyone else to join you.

REPLY   SHARE   ...

Martin Blank Martin Blank 3 hrs ago

I couldn't be more delighted you are sad. Grow up.

REPLY   SHARE

Eric Rasmusen Ras-Stack 8 hrs ago

Have you ever posted on wireheading? (I am in the middle of Ringworld Engineers) Is it feasible? Is it any better than the best available drug? What do you think of it philosophically?

REPLY (1)   SHARE

Ch Hi 4 hrs ago

Nobody REALLY knows how good wireheading is, because it's never been really developed. OTOH, there were rats that though it was better than sex or eating, even when they were starving.

REPLY   SHARE

smopecakes 13 hrs ago

My understanding of climate change (stay with me) is that the more authoritative estimates of costs per degree of warming are about 1% of GDP

Meanwhile it seems that this is being revised upwards according to catastrophe bias. One new study cited news headlines and public pronouncements of prominent climate scientists as the source of their priors, which did not match the actual costs literature. Their study's lowest cost estimate was 6x higher than the previous highest one, and I get the impression that no insiders really challenged them and many said approving things, while their study generated a powerful round of news headlines

Here we have an information ecosystem that appears to be giving a popular estimate of costs 10x higher than the literature, and the popular perception is now altering the literature

The implications of this across the century in terms of miscalibrated policy costs must be in the range of $50 trillion dollars. If prediction and forecast markets can gain the prestige to replace popular headlines as information touchstones then this is an event super worth celebrating

REPLY (3)   SHARE

Mostly lurking Mostly lurking 12 hrs ago

I don't think it's as clear-cut as that?

For such a computation, you need

1) an extremely precise definition of what exactly you're assessing (which has no reason to stay the same, and the devil is in the details),

2) a model of the overall economy,

3) another precise model about what kind of climate impacts to expect.

And more importantly, there's the fact that the result is an abstract figure with a mostly academic interest – making 1) close to what we actually care about is a difficult task.

All in all, I think these points can easily explain a 10x difference.

And if there's a prediction market for the costs of climate change, I expect these points to heavily affect the price in as well.

REPLY (1)   SHARE

smopecakes 11 hrs ago · *edited 11 hrs ago*

I agree it's a difficult task to satisfactorily set up a prediction market on what the consensus academic position on global costs per degree of warming is and what it will be in x years

However, compared with the existing information ecosystem I consider it to be an easy task to radically improve on it. For instance in "Sea-level rise and its possible impacts given a 'beyond 4°C world' in the twenty-first century" by Nicholls et al, there is a reference figure of the exposed population in the high case, if all flood control infrastructure construction is halted until 2100

This figure is 187 million, and is how the news headlines describe the study results. However, in the low case with maximum adaptation costing I believe .02% of global GDP, the population displaced in 2100 is 5000-10,000, and this more closely resembles the median estimate than the headlines. Prediction markets have the potential to publicly elicit this kind of information to a much greater degree vs the existing system of incentives

REPLY   SHARE

EngineOfCreation 12 hrs ago · *edited 12 hrs ago*

>My understanding of climate change (stay with me) is that the more authoritative estimates of costs per degree of warming are about 1% of GDP

I hope you are abridging here, because that relation can be linear for only a very short range. Or are you saying a temperature rise of 50°C would incur a cost of 50% of GDP?

💬 REPLY (1)   ⬆ SHARE   ···

smopecakes 12 hrs ago · *edited 12 hrs ago*

Yeah, the IAM model estimates are fairly linear out to about 4 degrees and look quite troubling by about 10 degrees. Luckily the IPCC projections for high emissions temperature levels tend to level out at about *6-7 degrees

This does assume that decarbonization is sure to happen by 2100 so you could argue that there could be a worst case emissions scenario not covered. The high emissions scenarios do include global coal increasing by 6x at that point though

edit: 6-7 degrees rather than 4 degrees with the 6x coal scenario

💬 REPLY   ⬆ SHARE   ···

Ch Hi 4 hrs ago

How much it costs is going to depend on where you live, and for some folks the costs are going to be intolerable. Your argument seems to assume that the costs are evenly distributed over the world population in some "fair" manner. This clearly is not going to happen. It's already killing people now and then. (Death spikes during heat waves, unexpectedly strong storms killing people, etc.)

💬 REPLY   ⬆ SHARE   ···

Harzerkatze 15 hrs ago

An error: " If you previously thought (like I did) that there was a 90% chance that Polymarket was more accurate, you should update down to 88%."

You mean Metaculus.

💬 REPLY (1)   ⬆ SHARE   ···

Scott Alexander ✓ 15 hrs ago ✒ Author

Thanks, fixed.

REPLY   SHARE

GreatSwordsmith 15 hrs ago

Hmmm, this seems a bit like criticizing people (or systems) when they turn out to be right here... If the election had been close but happened to land on Trump then I would agree with you, but this election was sufficiently lopsided that I think giving a call of pure 50% is very slightly embarrassing, and I'm very curious to hear from pollsters where they think things went wrong.

Theo's 'Neighbor' theory is just one, and your right that with only one data point it's a bit ridiculous to say that he was definitely right, but I also think it's very important to note that Theo didn't just armchair reason his way to success. He tested his theory by commissioning a private poll with his own methodology, and it probably cost ~$100k, that's a huge structural advantage real money prediction markets have over reputation based ones. They offer profit incentives for spending money to gather *new* evidence, instead of just optimally summarizing existing evidence.

REPLY (4)   SHARE

Scott Alexander ✔ 15 hrs ago   ✒ Author

I agree that more people should criticize others who turn out to be right, and that this is an under-provided social good. See https://www.astralcodexten.com/p/against-learning-from-dramatic-events (I edited this into the post a second ago to hopefully emphasize this point).

REPLY   SHARE

Mallard 15 hrs ago

Before the election, Silver emphasized that 50% was a mean outcome, but not a modal outcome. Given that polling errors would likely be correlated, he noted that a landslide win would be fairly likely, with an over 40% chance that a single candidate would take all 7 swing states. See e.g. https://x.com/NateSilver538/status/1848060370268938538.

REPLY (1)   SHARE

GreatSwordsmith 15 hrs ago

He also gave it around a 25% chance that Trump would win the popular vote. And it looks like he's doing to win it by a decent margin.

Not knocking Nate Silver at all here, but being able to predict that if there is a large polling error it would be correlated doesn't mean it's not unfortunate that there was a large polling error.

Using the posts framing, I would say that Nates model would put this result at a little less than 20% probably, or somewhere between 2 and 3 coin flips coming up heads (between 2-3 bits of evidence). Not a ton of evidence, but enough to shift my credence towards polymarket, especially since my prior against it was way less than 90% (though I did think before the election it was off)

○ REPLY (1)   ↑ SHARE   ⋯

Aristides Serving the Politeia 12 hrs ago

Yeah, I think Nate's model was right based on public information, but my gut tells me that based on this result and the herding that a lot of pollsters never published pro-Trump polls or were systematically overestimating Harris's likely voters, making assumptions that her turnout would be similar to Biden's in 2020. Without better polling firms, we will continue to see surprising election results.

○ REPLY (1)   ↑ SHARE   ⋯

Desertopa 10 hrs ago

I think this is right, but one thing that makes it hard to systematically resolve this is that the social landscape is always shifting, and pollsters are always trying to resolve the problems of earlier polls. There's always polling error election after election, but the direction isn't consistent, otherwise pollsters would correct for it. If there were methodological information which allowed private pollsters to construct more accurate polls, the public pollsters would have access to it too.

○ REPLY (1)   ↑ SHARE   ⋯

Realus 8 hrs ago

Two items:

ONE

Desertopa said "There's always polling error election after election, but the direction isn't consistent, otherwise pollsters would correct

for it."

You may be being sincere here but if you look at the RealClearPolitics average going back to 2004, the error is almost always, 5 out 6 times, in favor of Democrats:

2004 Bush R +1.5 +2.4 => 1.1

2008 Obama D +7.6 +7.3 => 0.3

2012 Obama D +0.7 +3.9 => -3.2

2016 Clinton D +3.2 +2.1 => 1.1

2020 Biden D +7.2 +4.5 => 2.8

2024 Harris D +0.1 -3.3 => 3.4

Yes, small sample size applies, but remember these are averages of polls for each year (at least 9 polls in the average each year) AND these polls were informed by many other polls a week or two before. (It is surprising how organizations polls in early to mid October, but NOT the week before the election.)

Expand full comment

💬 REPLY (2)   ⬆ SHARE   ⋯

Desertopa 7 hrs ago

If we include midterm elections though, we don't see this sort of systematic skew. Are polling averages systematically biased towards Democrats in presidental elections, but not in midterm elections? Maybe, but it's not at all clear that we should expect that to be the case.

As far as the accuracy of private versus public polls, in statistics, getting an adequate sample size for high precision is much, much easier than getting a sufficiently representative sample for high accuracy. Public polls aren't inhibited in their ability to get enough data points to be sufficiently accurate, the real issue is whether their sample sets actually reflect the overall voting population, which is a matter of methodology.

REPLY   SHARE

Douglas Knight 7 hrs ago

Maybe money and focus can produce accurate polls, but candidates and parties do not produce accurate polls. Their internal polls are much worse than public polls. You are trying to explain something false.

REPLY   SHARE

SnapDragon 12 hrs ago

Yes, I think the "coin" analogy is extremely misleading. We didn't get a single binary output - we got the fact that the country overwhelmingly preferred Trump, and if that doesn't result in _some_ kind of signal that should be measurable by prediction markets, then honestly, what use are they?

If the markets predict a 50/50 chance that Kasparov will win a chess game against Carlsen, then the game starts and it turns out that Kasparov's been dead for 3 years and "forfeits" ... we wouldn't say "shucks, guess the markets lost this coin flip". Forecasters should start to ask questions about how they can maybe notice the next time a player is dead and factor that into their predictions.

REPLY (2)   SHARE

gjm 8 hrs ago

"the country overwhelmingly preferred Trump"

Last figures I saw showed him with a little under 51% of the vote and Harris with about 47.5%.

He won a bunch of swing states ... by something like 51%-49% in each case.

In what world is any of that an overwhelming preference?

He did better than Harris, for sure. The electoral-college system, which can turn a bunch of near-50:50 results into a landslide either way, will deliver him a nice big count of EVs, for sure. But what about this suggests that the US electorate had so strong a preference for Trump that pollsters and pundits who said "it looks really close" are as wrong as a chess prognosticator who didn't notice that one player is dead?

💬 REPLY (2)   ⬆ SHARE   ⋯

SnapDragon 3 hrs ago

Hmm, I think you and the other replies here are making a basic logic mistake. Prediction markets are not trying to estimate the % of the country that prefers a candidate. They are trying to estimate the % chance that candidate will _win the election_. The two values both have a % in them, but please don't get them confused.

So, I admit that I made the same mistake when I said America "overwhelmingly preferred Trump", which is more a statement about the former than the latter. What I should have said is that "Trump was overwhelmingly likely to win this election". Knowing what we know now, that is a correct statement. After all, Trump didn't win "a bunch" of swing states - he won ALL of them, because his 51-47 "coin" was "flipped" millions of times for each one. The election didn't hinge on which way the wind was blowing on Tuesday. Carlsen's victory against his dead opponent didn't hinge on whether he got enough sleep the night before.

Since this was a historically strong and certain election result, you have two possibilities:

– Prediction markets should been able to predict the result ahead of time with at least a little confidence.

– Prediction markets can't distinguish a country's 51-47 preference, and are thus useless for predicting the outcome of US elections.

I think we'd prefer the second wasn't true, but at the moment it's not looking good.

💬 REPLY (1)   ⬆ SHARE   ⋯

gjm 1 hr ago

I have no idea what gives you the impression that I don't understand the difference between "x% votes for X" and "x% chance that X wins".

The claim I was commenting on was your statement that "the country overwhelmingly preferred Trump". He only got ~51% of the popular vote! If he'd had a couple of percent less he wouldn't have won the Electoral

College either! That isn't what an overwhelming preference looks like.

Anyway, you've now retracted that, so fair enough. But I still don't buy that "Trump was overwhelmingly likely to win this election". I mean, I guess it depends on what that means. He _did_ win the election (unless there was some huge fraud that no one has caught a glimpse of, I guess, but I don't see any reason to believe that and mention it only because worrying about election fraud on the basis of no evidence is kinda Trump's brand), and probably for almost all elections it's true that if you could rewind the world by 24 hours and run the election again you'd almost always get the same result. But I don't see that that's a useful sense of "overwhelmingly likely to win".

The relevant question is: _given the available information_, was it overwhelmingly likely that Trump would win? I don't see why we should believe that. It was, in fact, pretty close. All the polling indicated that it would likely be very close. Polls have systematic errors and they're really hard to predict. If you think it was "a historically strong and certain election result" in some sense that implies "someone competent would have called it confidently in advance", I think you're under the influence of hindsight bias or something of the kind.

I _do_ think that prediction markets can't reliably predict a 3.5-point electoral preference, at least not if what you want them to do is to say "90% that X wins" in 90% of cases where X wins by 3.5 points or something like that. So far as I know, nothing can do that. I don't know of any reason to think anything should be able to do it.

(Whereas chess prognosticators _are_ able to predict that Magnus Carlsen will win a chess game against a corpse. It's a silly analogy.)

💬 REPLY   ⬆ SHARE   ⋯

Jeffrey Soreff 1 hr ago

>Last figures I saw showed him with a little under 51% of the vote and Harris with about 47.5%.

>He won a bunch of swing states ... by something like 51%-49% in each case.

>In what world is any of that an overwhelming preference?

Agreed! What I wish I had would be a two-dimensional plot of voters' views on something like:

Would like Harris to be POTUS: -10 ... 10

Would like Trump to be POTUS: -10 ... 10

showing the density of the distribution throughout this space

(Personally, I'd put Harris at -10 and Trump at -9, marginally lesser evil.)

The most important thing for anyone to remember is that, whatever one's view, there are a _lot_ of people who disagree, and (for Americans), these are your countrymen. You need to live with them.

REPLY   SHARE

Woolery 7 hrs ago · *edited 7 hrs ago*

Just for reference, in 2020 Biden got 51.3% of the popular vote compared to Trump's 46.8% and no one was saying the country overwhelmingly preferred Biden. That would've been silly. 51% isn't an overwhelming anything. Biden won by 7 million votes. So far, Trump is leading by 4.6 million votes. Biden also won more electoral votes in '20 than Trump will have won in '24.

REPLY (1)   SHARE

Daniel 6 hrs ago

Some people were in fact saying that.

They were wrong too of course.

REPLY (1)   SHARE

Woolery 6 hrs ago · *edited 6 hrs ago*

Yes. I'm wrong. You're right. Some people probably said Biden's narrow victory indicated that "the country overwhelmingly preferred" Biden, though I can't find instances of that wording. Maybe you can. I just don't think whoever you found who made that same claim could reasonably substantiate it. And given that Trump won by an even narrower margin, I don't think the claim can be substantiated in his case either.

REPLY   SHARE

Kenny Easwaran Kenny Easwaran 7 hrs ago

What do you mean? We got almost exactly what Nate Silver predicted. Off from the polls by about 2 points in every state. That seems to vindicate Nate Silver more than the people who said it would be an easy win for one side.

REPLY   SHARE

Alexej.Gerstmaier LexposedTruth 15 hrs ago

I made 10k off the election. It was really obvious that Trump would win, this was literally free money

REPLY (3)   SHARE

Matt R 15 hrs ago

I thought it was going to be Harris, my basic reasoning was: all the polls are herding, this is probably because they're terrified of another "Hillary 2016: 90% chance" moment, and so they're disproportionately throwing out Democrat leaning outliers.

I noticed that the vibes were good on the republican side but I figured the argument there was: polls are about equal, but they always underestimate Trump so he's actually winning in a landslide. I figured the polling companies were now taking that into account (taking it into account too much, even, as above).

Can I ask what kind of things you saw which made it obvious to you?

REPLY (3)   SHARE

jumpingjacksplash 13 hrs ago

That was my guess too, especially as the non-herding polls leaned Harris.

REPLY   SHARE

Buckwheatloaf 13 hrs ago

It's the early vote. Compare a state like Florida or Texas on targetsmart to 2020. They had equal suburban and rural votes but were missing MILLIONS of urban votes (I'm not exaggerating) compared to 2020. It's when the early vote started coming in mid october betting sites across the board started to shift. This quixotic lone bettor theory scott posits is a tad dubious and I think there is a simpler explanation. Nevada is a prime example of early voter data (which makes up 80% of total vote) being borne out directly in the final results as most basic analysis would have lead

one to conclude. (Ralston the main figure on early vote data from Nevada is super partisan and jumped through hoops to explain how kamala could "still" win. But even he was pessimistic in his framing. He also analyzed without the broader context of early voter data from other states which brought everything more into frame).

REPLY (2)   SHARE

Alexej.Gerstmaier LexposedTruth 11 hrs ago

Yes, the early vote was the strongest signal. But there were other strong signals as well. Will write a substack article about this soon

REPLY   SHARE

Deiseach 11 hrs ago

Yeah, it's those missing urban votes I'd like to see explained. Why didn't they turn out? I am being slightly mean here, but she proposed legal weed and free money so black men could legally deal drugs without risk of prison, why didn't that work?

Did she just not click with black/Asian/Latino-Hispanic voters? Why not? Is her weakness her background, that her father was not US black but Jamaican black, and her mother Indian, so she's not 'authentically' black by the US context and not Indian 'enough' for those voters? Obama had the same problem, but he was married to Michelle, née Robinson, whose father was a precinct captain in Chicago and so those contacts aided his career. Harris is married to a white Jewish lawyer in San Francisco and doesn't have that family network behind her.

REPLY (5)   SHARE

Buckwheatloaf 11 hrs ago · *edited 10 hrs ago*

I believe it was mainly covid and mail ballots(and only secondly the hispanic vote shift). people locked down at home easy to reach by political ads, have less to do, not out having fun. take NJ for example. Everyone was mailed a mail ballot and they won huge. This time they weren't and they had to request it and it barely stayed blue. they have a huge swath of low propensity urban voters and were able to juice the turnout in this demo far beyond normal levels due to covid and using the emergency provisions

provided by covid to make last minute changes to local election law and procedure. They will say it was only to counteract the reduced turnout forecasted on election day from covid concerns, but In reality I don't think anyone really doubts in many cases they used their expanded powers to get the most bang for the buck possible. A lot of these measure were rolled back in 2024 such as in NJ. Trump mentioned this exact line of reasoning on Rogan btw as an example of how they "cheated".

REPLY (1)   SHARE   •••

Obrigatorio   4 hrs ago

Are you saying that if we made voting easier and more convenient the DEM party would keep their advantage? How's making voting easy and convenient not a desirable property of a democratic society?

REPLY (1)   SHARE   •••

Tyler Black   3 hrs ago

Ideally you want informed people to vote and people who essentially vote randomly or based on irrelevant information to not vote. If identity and party politics weren't relevant to voting, I think everyone would agree with this. Since identity and party are relevant, and ease of voting typically skews towards Democrats, the calculus is more complicated.

REPLY   SHARE   •••

CV   8 hrs ago   ·   *edited 7 hrs ago*

I think that Trump's magic as a politician is just making the entire news cycle so damn toxic that most people just tune out. From exit polls, racism was 4% of people's main concern, while the economy was 40%. Trump distracting everyone with culture wars crap, and media taking the bait every time, made most normal people tune out of politics. And since Dem voters skew younger and less conscientious, lower turnout hurts Dems a lot more. Plus Dems were the incumbent after COVID, so they were already perceived to be worse on the economy.

REPLY   SHARE   •••

Realus   6 hrs ago

Sorry, but I think the reason people didn't vote for Kamala seems to be pretty simple, though only in retrospect. The voters were presented with two worldviews:

Trump is a dangerous, convicted felon who will amass power and never leave office, just as he did in 2020.

VS

Trump will solve the economic problems of this country and actually manage illegal immigration, just as he did in his prior term in office.

More voters merely believed the first instead of the second.

💬 REPLY   ⬆️ SHARE   ...

luciaphile   luciaphile   4 hrs ago

She attended HBU and was a member of a *very* popular and social - across generations and geography - sorority there. That sorority was very much over the moon about her becoming VP, and many of them wore pink and green to vote in 2020.

How much influence black women have over the vote of black men, I do not know.

💬 REPLY   ⬆️ SHARE   ...

Ch Hi   4 hrs ago

Well, as someone who "didn't vote for Harris, just against Trump", I think she wasn't at all inspiring as a candidate. And political promises are easy to make, but which one's will be carried out?

I also think there's an inherent bias against women as leaders in the US, but Harris wouldn't have inspired me no matter what race or gender she had. And distasteful as I find it, many are inspired by Trump.

💬 REPLY (1)   ⬆️ SHARE   ...

Mallard   1 hr ago

Voters don't seem to penalize candidates for being female and may reward them for it: https://www.cremieux.xyz/p/voters-dont-penalize-

[candidates-for](#).

💬 REPLY (1)   ⬆ SHARE   ⋯

Ch Hi   29 mins ago

Well, he does seem to claim that, but the studies he claims to rely upon is behind a sealed door. I won't subscribe to see if there's a pig in that poke.

💬 REPLY   ⬆ SHARE   ⋯

Cole Terlesky   10 hrs ago

I also thought it was obvious Trump was winning. But nothing directly to do with polls. It was instead over the non-endorsements of billionaires with newspapers. I was just trusting that they knew more about the odds.

An endorsement in a newspaper, is costly reputation wise, and should be used when it might get gains for the newspaper in the administration.

Endorsements are also more valuable when you do them less often.

The editorial boards of those two newspapers are almost never going to endorse a Republican candidate.

So it makes sense to hold off on endorsements for losing democratic candidates.

💬 REPLY (1)   ⬆ SHARE   ⋯

DJ   DJ Codes   8 hrs ago

Interesting. I saw that as basic game theory. If they didn't endorse and Kamala won, they knew they wouldn't face retribution. But if they endorsed Kamal and Trump won, they would.

Trump already punished Bezos in 2018 by killing a DOD contract. He tried to do the same thing to CNN in 2017 by blocking the AT&T Time Warner deal.

💬 REPLY (1)   ⬆ SHARE   ⋯

Obrigatorio   2 hrs ago   ·   *edited 2 hrs ago*

And that's why Trump is especially toxic to a high functioning society.

💬 REPLY (1)   ⬆ SHARE   ⋯

DJ   DJ Codes   1 hr ago

Exactly. Authoritarianism doesn't happen all at once. It creeps in by degrading institutions, and one of the first things to go is independence of oligarchs because it's bad for business.

💬 REPLY   ⬆ SHARE   …

Randomstringofcharacters   9 hrs ago

Now lets consult the other 49% of universes...

💬 REPLY (1)   ⬆ SHARE   …

Alexej.Gerstmaier   LexposedTruth   9 hrs ago

My argument will revolve around why we lived in an 80%/20% universe

💬 REPLY   ⬆ SHARE   …

Aleks   7 hrs ago

I bet on Trump as an emotional hedge. I hoped Kamala would win, but at least I got a "sorry" payout

Another usecase for prediction markets!

💬 REPLY   ⬆ SHARE   …

SolarxPvP   The Sunset Letters   15 hrs ago

Regardless, as GreatSwordsmith points out, something's plausibly wrong when Silver et. al. say that Trump is only a slight favorite and then sweeps every swing state and the popular vote. Oh yeah, they also underestimated him in 2020 and 2016! Perhaps while everyone was voting for the Democrat, their "neighbor" really was voting Trump! Further, didn't other prediction markets follow Polymarket too?

💬 REPLY (7)   ⬆ SHARE   …

Scott Alexander ✓   15 hrs ago   ✒ Author

The other prediction markets were moved by people trying to arbitrage Polymarket. PredictIt, which was harder to do the arb on, moved less.

💬 REPLY (2)   ⬆ SHARE   …

SolarxPvP   The Sunset Letters   15 hrs ago

I know embarrassingly little about finance and betting so I'm having to look into that

more to see what you mean. What's your theory for them underestimating Trump three times in a row? I'm not a Silver doubter - the data shows he is very good. Perhaps there's just a Lizardman's Constant level of people who are paranoid about their anonymous Trump poll answer becoming public, getting mocked, and then getting pelted with coconuts?

💬 REPLY (2)   ⬆ SHARE   ...

Andrew Currall   15 hrs ago

A coin coming up heads three times in a row just isn't very unlikely. If Silver (and the pollsters) is honestly trying to predict the election as best as he can, it's not at all unlikely that the error might point the same way three times.

💬 REPLY (2)   ⬆ SHARE   ...

Nick Haflinger   15 hrs ago

It's not (only) the final result prediction that's underestimated Trump, it's the individual state polls -- which were outside of their error estimates a lot more than three times.

💬 REPLY (2)   ⬆ SHARE   ...

SolarxPvP   The Sunset Letters   14 hrs ago

Interesting, do you have a source for that exact claim?

💬 REPLY (2)   ⬆ SHARE   ...

Nick Haflinger   8 hrs ago

https://www.cnn.com/election/2024/results/president?election-data-id=2024-PG&election-painting-mode=projection-with-lead&filter-key-races=false&filter-flipped=false&filter-remaining=false

💬 REPLY   ⬆ SHARE   ...

Nick Haflinger   8 hrs ago

https://www.natesilver.net/p/nate-silver-2024-president-election-polls-model

💬 REPLY (1)   ⬆ SHARE   ...

SolarxPvP The Sunset Letters 6 hrs ago

Is there anything that shows their error estimates here?

REPLY (1) SHARE ...

Nick Haflinger 5 hrs ago

Scroll down to 'Polls included in our model' and then go look them up? Pollsters report their error margins, it's usually 2-3% at 2 sigma.

REPLY (1) SHARE ...

SolarxPvP The Sunset Letters 5 hrs ago

The 538 prediction seems only off more than 2-3 points in a few swing states. I looked through and I only saw AZ and NV as being off by 2-3 points. My statistics knowledge isn't good (I'm a philosophy guy) but are you sure that supports your position?

REPLY (2) SHARE ...

Nick Haflinger 4 hrs ago

The 538 prediction ought to be much more accurate than each individual poll it is based on -- that's the whole idea behind polling aggregators.

Not sure that Nate calculates this explicitly (subscriber-only maybe?), but I'd expect aggregate statistical error on something like that to be more like half a percent.

REPLY SHARE ...

Bahatur 3 hrs ago

Note 538 =/= Nate Silver - he has his own model at the Silver Bulletin now. 538 runs a different model completely.

REPLY SHARE ...

smilerz 9 hrs ago

Which states were out of their margin of error and how often does that typically occur in presidential elections?

REPLY   SHARE

SolarxPvP The Sunset Letters 15 hrs ago

Yeah, that's no lie *exactly* what I was thinking when I got your reply notification, but it's not crazy to think that there's a pattern at this point at the margins either. Yes the sample size for a Trump effect isn't large, so it's difficult to judge.

When the market with money on the line goes Trump much harder than the ones that don't, that further makes me wonder. Yes Scott could be right that Theo was just replacement level smart and rich and lucky, but Trump being such a unique politician makes the idea of less random coin flip noise plausible as well. I used to dismiss the shy Trump voter thing until this happened.

REPLY (1)   SHARE

Deiseach 11 hrs ago · edited 11 hrs ago

Well, hindsight is always correct, but Trump did have the advantage over Biden, then Biden dropped out and the replacement by Harris gave what we can now call a temporary advantage to the Democrats.

The mistake was assuming this would last, that abortion was such a big deal every single woman in America would vote for Harris (women can be pro-life, too, you know), and that the mantra of "Literal Hitler! Fascist dictatorship!" hadn't worn itself out over eight years of repetition and would work to scare people to the voting booths.

In reality, it looks like Trump maintained his advantage and Harris just wasn't present enough to catch people's interest. I know it's been said that "She does too have policies, look at her website" but those weren't put up until very late in the day, and mostly the campaign seems to have been on vibes - vote for First Female Ever! First Asian Ever! First Black Female Ever!

Trump is Trump. Like him or loathe him, everyone has a pretty good

notion of what he's like and what his policies may or may not be. Harris was "fun, joy, brat summer, coconuts!" but when you looked deeper, there was no 'there' there.

The stunts with McDonalds and the garbage truck may have been stupid campaign stunts, but they were stupid fun. Harris did the "oh hey Tim I love Doritos, toss me a bag" appearance at a gas station, which was also a stupid campaign stunt, but it wasn't fun. She did a "drinking beer with Gretchen Whitmer" appearance also, I think? But also not fun.

And the garbage truck was an immediate response to what Biden said. Harris' campaign didn't seem to have that level of being able to respond quickly and seize the moment.

Shoulda gone on Joe Rogan, Kamala! Trump did and Vance did, and now Trump is back in the Oval Office and Vance is taking over your old office.

💬 REPLY (2)   ⬆ SHARE   ⋯

Majromax 6 hrs ago

> The mistake was assuming this would last, that abortion was such a big deal every single woman in America would vote for Harris women can be pro-life, too, you know)

I don't think it's that, exactly. Instead, I think many voters didn't let pro-choice views dictate their presidential vote.

Florida is a good example here. The state had an abortion-rights referendum on the ballot, which received 57/43 for the pro-choice side (the proposition failed to get the 60% required to pass, though). The state's presidential vote, however, we 56/43 for Trump. That means that at least 13% of Florida's voters cast a Trump/pro-choice ticket.

If I generalize that lesson, it seems to be that a large fraction of voters don't care about what traditional leading media figures think they should care about, even if their position on "issues" in isolation would be conventional.

💬 REPLY   ⬆ SHARE   ⋯

luciaphile luciaphile 4 hrs ago

I am thinking of a female relative by marriage, who is quite dear to me. She is the perfect Dem voter (though curiously, she had a job at a federal agency, and was only happy there and happy with her boss during the 8 GWB years).

She views politics as an unfolding tragedy. Kamala and Doritos could have been plenty fun and that would not have moved her at all. Sure, she didn't need to be amused; her vote was secure. But I think the audience most receptive to Dem messaging tends to be pretty lugubrious about politics, and is not looking for levity. Certainly the young people inject a lot of drama into all their internet comments. They always sing from the same sad song sheet, and their idea of entertainment is making SNL *less* funny for political reasons.

The Simpsons continue to be brilliant with their flag and abortion division of the electorate.

💬 REPLY   ⬆ SHARE   ⋯

magic9mushroom 14 hrs ago

Re: arbitrage: real-money prediction markets can't stably have very-different numbers for the same question. If they do, it becomes profitable to e.g. buy "Trump" at 50c on one exchange and buy "Harris" at 40c on another, getting a dollar for 90c risk-free (since one of the two will always pay out) and forcing the numbers closer together again.

Play-money markets don't always work this way, because the play-money is not fungible and debatably desirable.

💬 REPLY   ⬆ SHARE   ⋯

TGGP TGGP 8 hrs ago

I saw PredictIt was the only site on ElectionBettingOdds not favoring Trump on Monday night, so I looked at that (since I'd put in $20 there before Kalshi won their court case and then forgot about it), and saw there did seem to be duplicated

markets there that should have been arbitraged but their limits on new entrants prevented that. But I noticed that the question for whether there would be a female President priced "No" at 49 cents, while Harris & Trump were both at 53/54 cents in their named next President market, so I figured that was the closest thing to arb and bought 40 shares. That difficulty in arbitraging should lower the status of PredictIt relative to sites like Polymarket.

💬 REPLY   ⬆ SHARE   •••

Brian 15 hrs ago

>> Perhaps while everyone was voting for the Democrat, their "neighbor" really was voting Trump!

I'm... confused about this.

Nate Silver et al. know that polls have statistical bias, and they correct for them. If a poll underestimated Trump in 2016 (as many did) and 2020, surely NS measured the bias and corrected for it this time around. So... what's going on here?

💬 REPLY (6)   ⬆ SHARE   •••

SolarxPvP The Sunset Letters 15 hrs ago

I'm referencing the neighbor methodology used by Theo.

💬 REPLY   ⬆ SHARE   •••

Jeff 13 hrs ago

It's unfortunately much more complicated then that.

If your poll in 2016 should have been Trump +5 and your poll in 2020 should have been Trump +1 what adjustment should you apply to your 2024 poll? Trump -3 because that's the naïve progression? Trump +3 because that's the average even if we have no reason to suspect the average will apply? +5 because he's not the incumbent? +1 because that represents people now having experienced a term of Trump?

Not to mention if you're a polling aggregator each of the polls you're aggregating has done independent attempts to correct for previous results. It should be noted though that 2020 and 2024 are pretty inline with historical polling, 2016 was the outlier in how far off the polls were.

💬 REPLY (1)   ⬆ SHARE   •••

Desertopa 10 hrs ago

This is the big issue here. The polling averages always reflect pollsters best efforts to correct for previous results. Attempting to correct for bias in the polling aggregate is applying a correction on top of the correction the aggregators are already trying to apply. In general, the direction of error hasn't been consistent over time. With enough sample size for elections with Trump specifically, polling aggregators would correct for that too, but we haven't had data to assume one.

REPLY   SHARE

Deiseach 11 hrs ago

I'm wondering here if it was the early vote effect. People in comments below are talking about the early votes, and I wonder if there was an expectation that this and mail-in votes would swing for Harris.

The (ahem) disagreement over the 2020 result was in part that Trump was (or looked to be) in the lead at the close of one day's counting, then the next morning suddenly it was Biden, and overnight all these mail-in ballots turned up to be counted?

So I'm now wondering if the expectation was "Harris is polling just a small gap ahead of Trump, but when the mail-in votes come in, those will be Democrat votes" and the assumption was that even if Trump led in early counts, once the rest of the ballots were counted Harris would pull ahead, and hence the polls were adjusted to take this into consideration?

What seems to be different this time, if I can trust the online sources hanging around in shady alleyways going "psst, wanna buy a post-election analysis?", is that the Republicans learned the lesson and made efforts to have people use early voting and mail-in ballots themselves, and this made the difference - it cut away the advantage from the last election, as well as being much tighter over watching counts, being present when returns were being made, and so on.

REPLY   SHARE

Thoroughly Typed 11 hrs ago   ·   *edited 11 hrs ago*

I feel Nate Silver has been a bit too cavalier about the recent consistency of the

polling bias. In https://www.natesilver.net/p/why-harris-could-beat-her-polls he writes:

> However, the baseline assumption of the Silver Bulletin model is that while the polls could be wrong again — and in fact, they probably will be wrong to some degree — it's extremely hard to predict the direction of the error. Empirically, there's basically no correlation in polling error from one cycle to the next one.

But looking at the link in that quote (https://fivethirtyeight.com/features/2022-election-polling-accuracy/, table "Polling bias is pretty unpredictable from election to election") there was a pretty consistent bias in favor of democrats since 2013. Not fully, but calling it "basically no correlation" seems wrong to me. Maybe it was so in the past, but something having changed since Trump seems not implausible.

⊙ REPLY (1)   ⬆ SHARE   •••

Randomstringofcharacters 9 hrs ago

But misleading to quote that as his opinion, given he wrote paired articles making the case for each candidate

⊙ REPLY   ⬆ SHARE   •••

Randomstringofcharacters 9 hrs ago

Problem is working out how much to compensate. And that'll vary by circumstances. You can't just add a blanket 2% if trump was underestimated by 2% or whatever

Silver's model generates a prior based on fundamentals (economy, incumbency, etc) and then adds polls to it, and the polls are weighted on their past reliability. But you still have the garbage in garbage out problem, if the polls were herding towards 50/50 (as he suggested https://www.natesilver.net/p/theres-more-herding-in-swing-state) then you can't tell what way to weight it to cancel out.

⊙ REPLY   ⬆ SHARE   •••

Edward Scizorhands 8 hrs ago

You only get a chance to correct your polls every 2 years, and those off-year elections have their own biases with the 4-year elections.

⊙ REPLY   ⬆ SHARE   •••

Shaked Koplewitz shakeddown 15 hrs ago

The state level errors are correlated, so you would expect the swing states to mostly go together. And Nate Silver's model actually had less probability on a PV/EC gap than the markets

💬 REPLY   ⬆ SHARE   ...

Dimon Solome 15 hrs ago   ·   edited 15 hrs ago

The fact that Trump won by a lot doesn't really affect the correctness of the odds beforehand. When I'm about to bet on the outcome of a coinflip, it doesn't really matter whether the coin has been already flipped and is hidden from me or the flip is yet to happen, and it also doesn't matter whether it's "heads all the way or just 60% heads".

Correct odds are always relative to the amount of knowledge at the time. Give me two people at random and ask me who is more intelligent, I'll say it's 50-50 and that's a correct bet. If afterwards turns out that one of them beat the other on 9/10 of the tests we used, that doesn't make my previous odds incorrect.

💬 REPLY (1)   ⬆ SHARE   ...

SolarxPvP The Sunset Letters 14 hrs ago

Agreed, I understand that stuff about probability theory. But Trump's uniqueness as a political figure makes me think it's plausible that the shy Trump voter theory really might be right! We'll never know because a larger sample size is impossible for clear reasons.

💬 REPLY (1)   ⬆ SHARE   ...

Alexej.Gerstmaier LexposedTruth 9 hrs ago

Exactly! This is the most convincing argument from me (apart from the early voting data). Timur Kuran (author of the famous book on preference falsification) also makes this argument:
https://x.com/timurkuran/status/1850200912062566873

💬 REPLY   ⬆ SHARE   ...

Deiseach 11 hrs ago

I'm very surprised by the popular vote, to be honest. Can anyone inform me about that? Either every single rural person turned out to vote this time, or the voters in the big population centres didn't. If it were the case of 2016 where Hillary was expected to win

in a landslide, I'd understand the voters staying home because they thought a blue victory was a sure thing, but the polling did consistently show it as only a slim margin for Harris over Trump.

So it looks like the Harris campaign managed to not do their jobs properly (one of which seems to have been the emphasis on appealing to women voters over trying to appeal to men voters, and when they did try to appeal to guys, it was too flat-footed to work).

https://www.instagram.com/amalaclips/reel/DBOzSyhJkTQ/

"I eat carburetors for breakfast"? My friend, you look like you eat the entire truck (I can say that and it's not fat-shaming because I am a Person of Chonkitude myself). Granted, I only know Irish rural background myself, but if these guys are genuine American country folks, I'm a New York sophisticate in a size zero dress.

💬 REPLY (6)   ⬆️ SHARE   ⋯

Tibor 11 hrs ago   ·   *edited 11 hrs ago*

It seems that many latin americans decided to switch sides from Democrats to Republicans in this elections. Including in otherwise Democratic strongholds like NYC. https://www.bbc.com/news/articles/cze3yr77j9wo That drove up the popular vote. Trump also gained among working class african americans (although they still predominantly vote Democrat).

This makes a lot of sense to me and I've wondered why the usually christian (albeit catholic) and socially more conservative latinos vote for Democrats.

Now it seems there is no longer a big difference in political opinions between the working class with northern European ancestry and southern European ancestry (or mestizos) as both switched to Republicans (only the latter did so a few decades later).

By the way the advert is horrible and seems extremely ingenuine. And interestingly this is exactly what I thought about yesterday when I saw some images from campaigns of Harris and Trump. Trump is kitchy and obnoxious ... but Harris just seems fake and Trump does not. Of course he is really extremely fake in what he says. But it does not feel so cringeworthy as when I see Harris and Obama poiting fingers at each other in a "go girl" pose like they are 16 year old schoolgirls. I just don't believe them that this is really who they are (and if they were, it would perhaps be even worse). I believe Trump his behaviour ... It also shows he is a self-centered

narcissist who talks bullshit but he is not pretending to be someone else. I would not vote for him if I were American but I would be very hesitant to vote for someone as fake as the current Democratic leadership.

💬 REPLY (2)   ↑ SHARE   ⋯

Deiseach 11 hrs ago

Part of it, I think, is that with early Democratic Party you did have a strong strain of Catholicism from the Irish and Italians, so there was a common cultural background there to appeal to Latinos, as well as the reputation for being for the working man and the blue-collar workers.

As the Democrats slowly dropped that in favour of social liberalisation and chasing the college-educated vote, there were only the traditional links holding people to the party - we vote for the Democrats because our parents/grandparents voted for them, and they're the pro-immigrant party.

Catholicism is now probably, for the newer generations, a matter of 'cultural Catholic' or 'brought up Catholic' than deep faith, and for the first generation, again speaking as a cradle Catholic, there's a lot of folk piety but not much real understanding of the theology, as well as falling away to being influenced by the secular society around you (see all the polls done on contraception, divorce, abortion, etc.) The same way Pelosi and Biden can claim to be devout Catholics and still support abortion (sorry, is it 'reproductive justice' or 'healthcare rights' is the favoured term today? I can't keep up with how it switches).

So the cleavage point probably is "they're not representing the little guy like me" and Trump at least makes the mouth-sounds about bringing back good blue-collar jobs and immigrants have to follow the rules to get into America. Immigrant families who did follow the rules to get to America and become citizens don't like queue-jumpers any more than the rest of us do.

💬 REPLY   ↑ SHARE   ⋯

Desertopa 9 hrs ago

I think the Democratic party has generally taken the Hispanic vote for granted, on the presumption that the Hispanic vote should be convinced that the Republican party hates Latinos. It's a widespread opinion among the

Democratic voter base that Republican animosity against illegal immigrants is a dogwhistle for hatred of Hispanics in general, but apparently not a particularly widespread opinion among Hispanic voters as a whole.

I think Trump is a bad candidate well beyond the usual scale of bad candidates, but the Democratic party had fallen pretty hard for the idea that the minority groups it's traditionally counted as constituents will vote based on identity politics rather than policy or cultural alignment, and while I don't think the average voter today actually does pay much attention to policy, a lot of minority groups are significantly more in cultural alignment with the Republican than Democratic party.

REPLY   SHARE

Arrk Mindmaster 11 hrs ago

I think many people were disgusted by their choices for President, and it happened to favor Trump, as he had more support; people would turn out to vote FOR Trump, but if they were against Trump, it looks like they stayed home.

I base this on Trump winning about the same (maybe slightly fewer) votes in 2024 as he won in 2020, but Harris coming up short of Biden's 2020 by about 14 million votes. So lots of people didn't think Harris was worth voting for, but people still turned out to "protect" against a Harris presidency.

REPLY   SHARE

Randomstringofcharacters 9 hrs ago

Low turnout in democratic safe states seems to explain a lot of it. Which is entirely sensible of you are efficiently allocating your get out the vote and persuasion efforts to swing states

REPLY   SHARE

Edward Scizorhands 8 hrs ago

A lot of Biden voters just stayed home.

I think Harris was pretty bad as a candidate and the fundamentals were against her, but she performed slightly better in the swing states, which is evidence her campaign was doing effective things.

REPLY   SHARE

DJ DJ Codes 8 hrs ago

Trump will win the popular vote, but don't use the current numbers to asses the margin. There's still millions of votes to be counted in NY and California.

💬 REPLY (1)   ⬆ SHARE   ···

Douglas Knight 2 hrs ago · *edited 2 hrs ago*

Right. The markets currently put 25-35% on Trump breaking 2%. Definitely not 3%.

https://polymarket.com/event/popular-vote-margin-of-victory-in-presidential-election

https://kalshi.com/markets/popvotemov/popular-vote-margin-of-victory

💬 REPLY   ⬆ SHARE   ···

SnapDragon 2 hrs ago

One of the best criticisms I've seen of that ridiculous ad is that its entire purpose is to appeal to men, but it does not talk about a single issue men care about. "Be brave enough to vote for OUR interests" isn't how you win over a demographic.

💬 REPLY   ⬆ SHARE   ···

Tyler Secular Mornings 8 hrs ago

When Silver would say that Trump/Harris were just a slight favorite, he was talking about the median outcome. Even a model that is extremely close at the median outcome (Trump vs. Harris winning) can have a wide outcome distribution, and I am certain that Nate Silver would admit ex ante that this was a strong possiblity (in fact Trump sweeping all swing states was the modal outcome).

💬 REPLY (2)   ⬆ SHARE   ···

Mallard 7 hrs ago

>I am certain that Nate Silver would admit ex ante that this was a strong possiblity

You're right! https://www.astralcodexten.com/p/congrats-to-polymarket-but-i-still/comment/75961826.

💬 REPLY   ⬆ SHARE   ···

SolarxPvP The Sunset Letters 5 hrs ago

Yes, but as I said here:

"Agreed, I understand that stuff about probability theory. But Trump's uniqueness as a political figure makes me think it's plausible that the shy Trump voter theory really might be right! We'll never know because a larger sample size is impossible for clear reasons."

Also, the fact that real money markets seemed to think this make this plausible.

REPLY   SHARE   ...

Obrigatorio 2 hrs ago

He won the swing states by tiny margins. Given that polling methodology has a 6 point error margin, it would be very hard to predict elections that over and over get decided by a couple of percentage points. We're basically flying blindly in that scenario.

REPLY   SHARE   ...

Alexej.Gerstmaier LexposedTruth 15 hrs ago

Fake money prediction markets only perform better sometimes because they are used by super high IQ nerds without (fore-)skin in the game

REPLY (2)   SHARE   ...

Alexej.Gerstmaier LexposedTruth 15 hrs ago

But in this case, Metaculus was wrong and Polymarket was right. Metaculus users are very left leaning, that's why they mispriced this completely

(i won 10k on Polymarket)

REPLY (1)   SHARE   ...

Jo 8 hrs ago · *edited 8 hrs ago*

It's genuinely baffling that someone could look at a one-off event and say "Forecaster A said there was a 40% chance of rain, B said there was a 60% chance of rain, then it rained. So forecaster A was totally wrong."

You just can't use a one time result to assess the accuracy of a prediction market. Any *single* observation is consistent with a probabilistic estimate, you need to assess a range of predictions or a large number of observations.

REPLY   SHARE   ...

Anonymous Dude Anonymous Dude 12 hrs ago

Anti-semite!

But seriously, doesn't that make them more effective for their stated purpose? Technically the profit is an inefficiency in the system as it makes use of arbitrage.

💬 REPLY (1)   ⬆ SHARE   •••

Alexej.Gerstmaier LexposedTruth 11 hrs ago

I guess it does. Whatever system you have, limiting access to >130 IQ people always makes it more effective

💬 REPLY (1)   ⬆ SHARE   •••

Anonymous Dude Anonymous Dude 11 hrs ago

Well, for something where intelligence is useful. I doubt, for example, movies with only actors with IQs over 130 would sell all that well.

💬 REPLY (1)   ⬆ SHARE   •••

Arrk Mindmaster 11 hrs ago

Acting well takes a good deal of intelligence, for you must take on another role based on your understand of who that character is, and yet still maintain who you are as a separate identity. And switch between these identities on demand.

💬 REPLY (1)   ⬆ SHARE   •••

Anonymous Dude Anonymous Dude 11 hrs ago

Right, but once you select for 2 percent of the population, you limit your ability to pick good-looking people as well, which movies always require.

I'm not saying smart people can't be good-looking; I'd actually expect the correlation to be weakly positive on account of decreased mutational load. But if you pick *only* from the top 2 percent of the population in IQ, the cutest person is going to be less cute than if you pick from the general population.

💬 REPLY (2)   ⬆ SHARE   •••

Arrk Mindmaster 10 hrs ago

"limiting access to >130 IQ people always makes it more effective"

If your point is that you won't find enough people that look the part and also have >130 IQ, then that is reasonable, and I agree, for there is a lot of competition for intelligence across many fields. But if you could get them, then movies with such IQ actors should still sell well, for they should "be" the characters in addition to looking good while doing it.

💬 REPLY   ⬆ SHARE   ...

Hadi Khan Of Aurochs and Angels   6 hrs ago

> you limit your ability to pick good-looking people as well, which movies always require

This seems to be a Hollywood idiosyncrasy. Movies/TV shows in the UK don't particularly focus on casting lookers more so than ordinary looking people who can act really well.

💬 REPLY   ⬆ SHARE   ...

Josh Hickman   15 hrs ago   ·   edited 15 hrs ago

Couldn't you make the case that, a day before resolution, when interest rates etc stop mattering, any prediction markets trades not at 0 or 1 are mispriced? Isn't the whole point here that, because there is a truth of the matter, no intermediate value could possibly be the true value? It's not clear to me that markets, in general, have "accurate prices", which I why I don't simultaneously trade in all possible markets for all possible things. There is only "worth my money". Or am I missing something about the intent of the post?

💬 REPLY (1)   ⬆ SHARE   ...

Scott Alexander ✒️ 14 hrs ago   🖋 Author

I don't think so. For example, if I'm going to flip a coin, any bet other than 50% is "mispriced", because we have enough evidence about the process to know that it ought to point to 50%.

I agree it's harder to come up with a clearly meaningful definition of mispriced for an election, but see https://www.astralcodexten.com/p/in-continued-defense-of-non-frequentist for why it should exist.

💬 REPLY (1)   ⬆️ SHARE   ⋯

Josh Hickman 14 hrs ago

I agree 50% is the calibrated understanding of a coin flip, and I'm not frequentist myself. My comment is mostly about how these financial instruments are abstractions that strive to be related to probability, but aren't probabilities. The market structure is precisely why they might be valuable. But the market behavior is what we interact with, not the probability we are imagining. My initial response was, it is a breach of etiquette to *say* a market is mispriced, the appropriate etiquette is to *trade* that a market is mispriced. But if you acknowledge the trades aren't worth the hassle, then, what's left? The probability you infer from the market is not a product of that market. I don't mean to be pedantic here, it just seems the complaint isn't about mispricing, it's about real money markets not doing the secondary, aspirational thing you want -- letting you generate probabilities -- which, as you point out, can be achieved without any price mechanism at all.

💬 REPLY (1)   ⬆️ SHARE   ⋯

Josh Hickman 14 hrs ago

I'm trying to make the case that "miscalibrated", the term related to predictions, is much better, I suppose. Perhaps I *am* being pedantic, but "mispriced" might not be a word it's possible to use when buyers and sellers agree on a trade.

💬 REPLY   ⬆️ SHARE   ⋯

Alexej.Gerstmaier LexposedTruth 15 hrs ago

This post is completely wrong about almost every single thing. Will write my own Substack article to refute it

💬 REPLY (2)   ⬆️ SHARE   ⋯

Dimon Solome 13 hrs ago

Looking forward to it. The post basically says "if you had x prior, then you should update to y posterior after the given amount of evidence" in the context of metaculus and polymarket, and to me the math checks out. Curious how you are going to show that it's wrong.

💬 REPLY (2)   ⬆️ SHARE   ⋯

Alexej.Gerstmaier LexposedTruth 12 hrs ago

Ok, I will respond to and cite your comment in my post

💬 REPLY (1)   ⬆ SHARE   ⋯

Dimon Solome 12 hrs ago

Thanks!

💬 REPLY   ⬆ SHARE   ⋯

David Friedman David Friedman's Substack 3 hrs ago

I'm not Alexej, but Scott's basic mistake, as others have pointed out, is acting as though the only information we got was that Trump won. We also learned that he won by a substantial margin, which is evidence that the probability of his losing was substantially less than .5, which is consistent with Polymarket but not with various of its competitors.

💬 REPLY   ⬆ SHARE   ⋯

Buckwheatloaf 11 hrs ago

thanks I like Scott but I feel like he was missing the ball on this one. It's like I told him to fetch but instead of bringing back the ball he brought back a kids old baseball glove. No! Stop! Don't chew on that! Go get the ball! I hope u help him find it.

💬 REPLY (1)   ⬆ SHARE   ⋯

Alexej.Gerstmaier LexposedTruth 9 hrs ago

Yeah, I almost never disagree with him. Now is the first time I *strongly* disagree with him on anything

💬 REPLY   ⬆ SHARE   ⋯

Steve Sailer Steve Sailer 15 hrs ago

Back in the early 2000s, I'd follow Hollywood Stock Exchange, a non-money prediction market for movie revenue, to get an idea which new film to review this week. (Editors don't like it when you review what turns out to be a dud that nobody is talking about instead of the new bombshell.)

Hollywood Box Office, which was owned the Wall Street firm Cantor Fitzgerald (which was devastated by 9/11 due to their offices being in the World Trade Center), was usefully

accurate, in part because it encouraged insider trading. HSX encouraged people whose jobs gave them access to watch movies early (or see the daily rushes even earlier) to wager pretend money. Insider trading is a good thing when it comes to upcoming movies because it's good that more people hear about movies worth watching and, especially, more people hear what movies to avoid wasting their money and time watching.

Cantor Fitzgerald wanted to turn HSX into a real money futures trading exchange. But I never heard how insider trading was supposed to be handled with real money on the line. Would the SEC be in charge of prosecuting pool guys who overheard their clients raving about a movie they are working on? It seemed pointless.

REPLY (2)   SHARE   ···

Steve Sailer Steve Sailer 15 hrs ago

Sorry, Hollywood Stock Exchange, not Hollywood Box Office.

REPLY   SHARE   ···

Luke G 13 hrs ago

The laws for insider trading don't apply by default to futures. (Unless the future is actually related to a security, for which insider trading laws do apply).

Box-office futures are a bit of a strange story in financial products. It was controversial whether they should be allowed to exist given the legal framework for commodities. They were approved in 2010 by the CFTC by a 3-2 vote, only to be banned one month later by Dodd-Frank.

REPLY (1)   SHARE   ···

Steve Sailer Steve Sailer 13 hrs ago

Thanks.

The question is whether insider trading is a good thing or a bad thing. When you can't make money off of insider trading, as in the turn-of-the-century Hollywood Stock Exchange, it's clearly a (small scale) good thing because it reveals insider knowledge, which I found useful in choosing which upcoming movies to review.

But if you can cheat other people out of real money, it's more of a question.

I don't know the answer to that question.

REPLY (1)   SHARE   ···

Steve Sailer Steve Sailer 12 hrs ago

My realization when I became a weekly movie reviewer in 2001 was that some movies were obviously pretty good and that other movies were obviously pretty bad, which came as a surprise to me. For example, to compare early 21st century sword and sandal movies, Ridley Scott's Gladiator is clearly pretty good and Oliver Stone's Alexander is clearly pretty bad.

But that was hard to predict ahead of time, except among insiders who'd seen the movies or at least footage from them.

It's less a matter of subtle aesthetic taste on the part of the critic than that making a good movie is hard, and even successful directors like Scott or Stone misfire at times. So some movies perceptibly hit on all 8 cylinders, while others obviously don't.

So, to my surprise, much of reviewing movies is pointing out that this movie works or that movie doesn't work. I thought it was going to be high level Pauline Kael vs. Andrew Sarris aesthetic argument, but a lot of going to previews of new releases is just reporting "This is awesome" or "This is awful."

⊙ REPLY (1)   ⬆ SHARE   ⋯

Godoth 10 hrs ago

Generally speaking I agree with your comments here but the example given is not apt because Oliver Stone's past performance is certainly an indicator of his future results

⊙ REPLY (1)   ⬆ SHARE   ⋯

TGGP TGGP 9 hrs ago

Here is his Rotten Tomatoes page: https://www.rottentomatoes.com/celebrity/oliver_stone He had plenty of fresh movies prior to Alexander, but his most recent credits at that time were not.

⊙ REPLY   ⬆ SHARE   ⋯

Shaked Koplewitz shakeddown 15 hrs ago

> All of these factors gave me a 90% prior that Metaculus was better calibrated than Polymarket on the elections; now that Trump's won, I update to 88%.

Your earlier point about not updating too much on a single coin flip should, I think, also make you update less on those factors. Effectively we can think of metaculus as having flipped five heads so far (more or less), so you should start out believing in metaculus but only by like 75% or so, not 90%.

💬 REPLY (1)   ⬆ SHARE   ···

Scott Alexander ✅ 14 hrs ago   ✒ Author

I think the studies of why Metaculus is better includes many less-than-perfectly correlated results from each election, plus the evidence from the (many different) questions on my contest, plus the common sense evidence from Theo being one guy making the bet.

💬 REPLY (1)   ⬆ SHARE   ···

Shaked Koplewitz   shakeddown   14 hrs ago

hm. I think you get ~2 bits per election for ~3 elections (the results aren't perfectly correlated but they are mostly correlated, and I don't think metaculus won literally every time? I'm), maybe another 1-2 bits more from your contest (a lot more information but also it should be more discounted since the main advantages of election betting markets, like high liquidity and money involved, are missing). I don't know how much we should discount the one guy thing by (it seems more like inside view than outside view?). So call it about 8-10 bits overall. 10 bits gives us about 86% of Metaculus being better, but if we assume Metaculus lost one of those bets (and I think that's a fair assumption - the linked first sigma post does mention some races they did better on) that goes down to about 80%. Getting more precise than this requires a lot more research than I'm willing to do right now, but to a first approximation I think the 2024 election should drop us from about 80% to about 75% (which is what I get if I add in the 2024 prediction gap) that Metaculus is better.

💬 REPLY   ⬆ SHARE   ···

Nick Haflinger   15 hrs ago

Were you aware that Theo commissioned private polls, with his own methodology and at his own expense?

1. This means he's literally bringing information into the market that was unavailable to anyone else (and nobody would probably procure if there weren't a chance of recouping the

investment; ie. non-money markets, poll aggregators)

2. If I say that this fact means that *my* prior is 90% that the money markets are giving a *more* accurate prediction than the other forecasters, so now my prior is 92% -- does that make me a good Bayesian?

3. The actual results indicate that the polls systemically underestimated Trump (again) -- if all the polls on Nov 3 happened to have landed on the actual state results +/- a random 3%, would you really think that the race was a coin toss? For reference, that would be Trump at +2 in GA & PA, +1 in WI & MI, +4 in NV/AZ, and +13 in Florida -- 60% seems a bit *low* on that map, to me.

💬 REPLY (2)   ⬆ SHARE   ⋯

Occam's Machete   9 hrs ago

Scott, what the fuck.

Why a rapidly half-assed stealth edit where you simply mention the private neighbor polls and go with "I'm just not impressed by private polling"?

Because a smart whale with non-public knowledge incentivized to pay to gain such knowledge and use it to affect market prices is kinda the perfect goddamn argument for why real money could outperform play money or non-market mechanisms.

💬 REPLY   ⬆ SHARE   ⋯

Nikita Sokolsky   First principles trivia   6 hrs ago

Do we have any details about what those polls were exactly, what their scope was, their methodology, etc? If he asked 1,000 people using a poor methodology and not weighting for the location of the responders, I'm sure he'd get a "Trump solid win!" conclusion but that wouldn't count as useful new information.

If I said "Theo was correct because he consulted an astrologist" that would technically be "new information" but you'd still challenge me. Same thing here - "Theo paid for polls!" alone doesn't update me much without knowing the details OR seeing his track record winning money using such polling.

💬 REPLY (1)   ⬆ SHARE   ⋯

Taleuntum   5 hrs ago

This is the key question imo. People often like to ignore the methodology of polls because who wants to spend their free time poring through the boring details? Yet,

modern polling methodology contains quite a number of free parameters whose unjustified setting could easily show whatever result the poller wants to show. I also did not go over the details of the poll in question, but to me it does not sound at all unlikely that a smart generalist could outperform the old guard who simply just wants to do their job and not rock the boat that much with too suprising results..

💬 REPLY (1)   ⬆ SHARE   …

Nikita Sokolsky First principles trivia 4 hrs ago

The crux of our disagreement is the probability you assign to "a smart generalist could outperform the old guard" in the area of voter polling. I assign that <1% probability without seeing his exact methodology OR a long track record OR numerous insanely good bets in the same election. You assign it... a higher value? 50%?

💬 REPLY   ⬆ SHARE   …

Mallard 15 hrs ago · *edited 14 hrs ago*

This post doesn't mention that Theo secretly commissioned his own polling - it just references him "working off of really smart reasoning." Not only does that render the particulars of the post somewhat misleading, it also affects the underlying argument, somewhat. The argument is that a single very rich trader isn't that much smarter that many poorer traders who won't bet as much as him. But as this case demonstrates, the single rich trader has the resources and incentive to create non-public knowledge to leverage for his bets. So while real-money markets may still be less accurate than play-money ones due to the ability to be skewed by individuals, the ability for rich individuals to not only reason like anyone else, but create their own proprietary information mitigates the disadvantage of real-money markets.

💬 REPLY (2)   ⬆ SHARE   …

Thomas Kehrenberg 11 hrs ago

I don't know whether the article changed since you commented, but I do see it mentioned in there.

💬 REPLY (2)   ⬆ SHARE   …

Occam's Machete 9 hrs ago

It was a stealth edit.

💬 REPLY   ⬆ SHARE   •••

Mallard 9 hrs ago

He edited the post after I commented (but added a new typo there, in his haste), but I don't find his edit compelling. He now claims that "I don't find the private polls very interesting either - the existence of private pollsters implies this happens often, and we shouldn't expect these private polls to be massively better than the public ones."

But first of all, the article states that he commissioned a major pollster who he wasn't allowed to name, per his agreement with them. So this was almost certainly not some "private pollster," but rather a well known public pollster. As such, there's little reason to assume that this happens often. As far as we know, the business model of the major pollsters isn't dependent on conducting secret polls for individuals - why assume that something like this is then routine? The original post strongly implied that he hadn't read the article he was linking and this point keeps the question open of whether he has yet read the short article.

More significantly, even if Scott is right that secret polls aren't "massively better" than the public ones, they don't have to be! Polling averages are useful and even if the secret polls weren't better than the public ones, they still give a trader alpha that can allow him to beat the market, which is what Theo did.

The issue I raised therefore still stands. While it may be true that real-money markets are more volatile, since a single very rich person can afford to take a large gamble that poorer people can't effectively bet against if the market isn't liquid enough, the rich people have the ability and incentive to create their own information that smaller traders can't. Their info doesn't have to be massively better

Expand full comment

💬 REPLY (2)   ⬆ SHARE   •••

Don P. 8 hrs ago

I'm 90% bullshitting here but I believe the business model of many polling companies is, if not "secret polls for private individuals", low-profile polls for private clients; I don't see how those companies could be in business between elections otherwise. Market research and such.

REPLY   SHARE

Anna Rita 8 hrs ago

>So this was almost certainly not some "private pollster," but rather a well known public pollster.

Fine, but given that the public polls had lots of correlated non-sampling error, why would a private pollster do better? They're doing the exact same thing as the public polls, so you would expect them to have the same nonresponse bias.

REPLY (1)   SHARE

Mallard 7 hrs ago

First of all, I pointed out in my comment that additional polls, even if no better than other polls, still create a more useful polling average that gave Theo an advantage that he capitalized on.

There's reason to think his private polls were particularly useful, though. First, the public pollsters were evidently herding, that is, their consistent 50/50 results were unlikely even were the actual electoral split 50/50, demonstrating that they were putting their thumbs on the scales. The reason for herding is presumably to avoid embarrassment if the results end up being very different. But that issue is mostly obviated when commissioning a private poll on the condition that the results remain private.

Second, Theo suspected that traditional polling wasn't capturing Trump support and that "neighbor polling" in which you ask whom people think their neighbors would vote for would do a better job. Whether or not he was right about polling methodology, since his polling method differed from the norm, he had particularly useful information.

REPLY (1)   SHARE

Anna Rita 6 hrs ago

That's an interesting point that I hadn't considered. Thank you.

REPLY (1)   SHARE

Mallard 6 hrs ago

My pleasure!

REPLY   SHARE

Nikita Sokolsky First principles trivia 6 hrs ago

Do we have any details about what those polls were exactly, what their scope was, their methodology, etc? If he asked 1,000 people using a poor methodology and not weighting for the location of the responders, I'm sure he'd get a "Trump solid win!" conclusion but that wouldn't count as useful new information.

REPLY (1)   SHARE

Mallard 6 hrs ago

As the linked article mentions, Theo commissioned "neighbor polls" in which people are asked how they think their neighbors will vote, instead of how they'll vote, themselves. Theo thought that this would better capture Trump support that people may be less inclined to reveal to pollsters. The details of the poll remain private per his agreement with the pollster.

REPLY (1)   SHARE

Nikita Sokolsky First principles trivia 6 hrs ago

Right but how do we know his method and sampling actually made sense?

REPLY (1)   SHARE

Bahatur 3 hrs ago

We don't, just that he was willing to bet somewhere between 30-75 million dollars on what they said.

REPLY   SHARE

tcheasdfjkl 15 hrs ago

"But long after Biden won the last election, PredictIt said there was a 9% chance *he* would be the next President; some commenters suggested that maybe he would #StopTheSteal and win a fair recount (aside from the inherent implausibility of this, some of the specific scenarios bettors placed money on required him to win California, where his campaign hadn't even asked for a recount)."

based on reading this a couple times I think "he" here refers to Trump?

💬 **REPLY (1)**   ⬆ **SHARE**   ⋯

Scott Alexander ✓ 14 hrs ago   ✒ **Author**

Thanks for the correction.

💬 **REPLY**   ⬆ **SHARE**   ⋯

Austin M 14 hrs ago

How does a $30 million bet move a $2 billion market so much? Why does that one bet move the market 10%?

💬 **REPLY (1)**   ⬆ **SHARE**   ⋯

Thomas Kehrenberg 11 hrs ago

Ik also very confused about this. I guess the $2 billion refers to the total trading volume, which also counts back-and-forth trading? The order book certainly didn't have $2 billion in it at any time.

💬 **REPLY (1)**   ⬆ **SHARE**   ⋯

Obrigatorio 2 hrs ago

https://fortune.com/crypto/2024/10/30/polymarket-trump-election-crypto-wash-trading-researchers/

💬 **REPLY**   ⬆ **SHARE**   ⋯

Kevin P 14 hrs ago

> Suppose that Theo had done even better at his banking job, was 10x as rich, and could move Polymarket up to 90%. Now should we say that the "true" probability of Trump's win was 90%?

No, because Theo's goal wasn't to drive up the odds, it was to take advantage of a mispricing. While he was confident enough to buy Trump at 60%, it's unlikely that he would have been willing to do so at 90% odds.

💬 **REPLY (2)**   ⬆ **SHARE**   ⋯

Randomstringofcharacters 9 hrs ago

Didn't he accidentally buy some contracts at 90% odds or was that another polymarket whale

💬 REPLY (1)   ⬆️ SHARE   ⋯

TGGP TGGP 9 hrs ago

You can find all his trades at https://www.polymarketanalytics.com/?
trader=0x1f2dd6d473f3e824cd2f8a89d9c69fb96f6ad0cf

💬 REPLY   ⬆️ SHARE   ⋯

Jon 9 hrs ago · *edited 9 hrs ago*

Unless Theo thought the true odds were >90%, in which case buying Trump at $0.90
would still be positive EV from his perspective. To the extent that he was money-
constrained, we don't know how high he might have pushed the price with more
available capital.

💬 REPLY   ⬆️ SHARE   ⋯

maco 14 hrs ago

Trump made the election a referendum on trannies. Dems sat back and let it happen.

💬 REPLY (5)   ⬆️ SHARE   ⋯

Buckwheatloaf 13 hrs ago

anyone suffering from trans twitter brain rot might try dunking their head in the nearest
bucket of cold water ive found this helps.

💬 REPLY   ⬆️ SHARE   ⋯

Anonymous Dude Anonymous Dude 12 hrs ago · *edited 12 hrs ago*

https://www.nbcnews.com/politics/2024-elections/exit-polls

We actually have data here, and it was the economy, maco. Mostly inflation; immigration
was a distant second.

Abortion and preserving democracy were the big choices among people voting for
Kamala, who after all almost won.

While I support a national healthcare system, including sex changes/gender-confirmation
surgery where appropriate (some people are genuinely better off that way), at least for
citizens... I have to admit the line on 'transgender operations for illegal immigrants in
prison' was a pretty effective slogan, as it ties together anger over cultural changes,
anger over illegal immigration, and anger over crime.

💬 REPLY (2)   ⬆ SHARE   ⋯

Mostly lurking Mostly lurking   12 hrs ago

Thank you for the link! But I don't see how the poll completely disproves maco's claim, though: in the "issues you care about", NBC did not ask about "cultural" topics such as, say, wokism or trans rights – was it an open-ended question?

💬 REPLY (2)   ⬆ SHARE   ⋯

Anonymous Dude Anonymous Dude   12 hrs ago

I suppose you're right, and NBC, being MSM, would have good reason not get themselves in trouble by asking about that.

But I wonder if anyone else has asked the question!

💬 REPLY   ⬆ SHARE   ⋯

Buckwheatloaf   11 hrs ago

Trannies think the world revolve around them. It doesn't. Literally almost no one cares. Yes it's always good political tactic to say the other party is aligning with the freakshows (this is what many trans people appear as to the average uneducated voter im sorry) whether it is the satanists or the pot smokers or what have you. This strategy works. But if it wasn't transtrenders it would just be whatever other subversive unhinged movement infected the youth. It is not the trans themselves that are the unique issue it is what they represent to the voter. They are a symbol of degeneracy. This always exists in society and the left has been guilty of openly feeding into it as of late.

💬 REPLY (1)   ⬆ SHARE   ⋯

Mostly lurking Mostly lurking   11 hrs ago

"Literally no one cares."

Who just wrote a long answer focusing on that topic when I was asking about culture war in general? Called them a "symbol of moral degeneracy" (as opposed to many possible formulations highlighting their irrelevance, because a symbol is by definition significant)?

💬 REPLY (2)   ⬆ SHARE   ⋯

Biff Wiss   10 hrs ago

> a long answer

122 words is a "long" answer?

REPLY (1)   SHARE

Mostly lurking   Mostly lurking   10 hrs ago

The debater's answer would be that it's still longer than not mentioning them at all or in passing, or in two sentences.

(It's also longer than your answer, isn't it? :))

The honest answer is that mobile screws a bit with my perception of length, especially far in a thread.

REPLY   SHARE

Buckwheatloaf   10 hrs ago

Maybe we try not to care, but it's put in our faces so much , especially if you are on the Internet much it feels as if "the trans are out In force" , so then we find ourselves dragged by its sheer oversaturation to dicuss it. This is how eric Weinstein and co. Found themselves expounding on trans issues for hours on podcasts. They were dragged in by the gravitational force once they entered the online sphere simply due to the outsized presence of trans individuals. Who are mostly AGP by the way. Trans Androphiles sleep with normal boys and dont spend their time commandeering every Internet message board known to man.

REPLY   SHARE

John N-G   8 hrs ago

It was quite a choice, wasn't it? One side favored transgender surgeries for illegal immigrants in prison, while the other side would prefer to just castrate them.

REPLY   SHARE

Buckwheatloaf   11 hrs ago

Trans are failing at the primary objective: be pretty girls! In Asia they are everywhere but they blend in and you barely bat an eye. Everyone would be far more willing to accept them if they succeeded in their primary mission. Instead they are blaming us because

they did not live up to their name! If you are trans I shouldn't be able to spot u looking like a bigfoot from 100yards! Less drama and tears on twitter and more effort on transitioning please !

💬 REPLY (2) ⬆ SHARE ⋯

Philo Vivero 9 hrs ago

Hear hear. Trannies in the USA are the ugliest linebackers. And loud drama-queen complainers to boot. The worst of both genders all packed up in one package. As you hint, they need to go to Thailand and Philippines and see how it's done. Better yet, they should just get it done while there. The surgeons are top-notch.

💬 REPLY (1) ⬆ SHARE ⋯

Buckwheatloaf 4 hrs ago

There's a line from tim dillons podcast where theyre talking about the perils of using the stomach lining for making a pussy because there isn't enough penile tissue since the puberty blockers stopped it from growing (a separate can of worms) because one of them got infected and died (very sad news story) and it all circles back to the basic point : if ur gonna be trans do it right. don't get a discount pussy. It should be so wet that when your trans daughter gets up from the table at the family christmas dinner she leaves a trail like a snail slinking back to her room. anyways I thought u might like that I lol'd when he said that xD.

💬 REPLY (1) ⬆ SHARE ⋯

anomie 3 hrs ago

...What the actual fuck is wrong with you?

💬 REPLY (1) ⬆ SHARE ⋯

Buckwheatloaf 1 hr ago

tim dillon show is a mainstream popular podcast that interviewed the vice president last week. he goes on rogan all the time. hes a popular GAY comedian. its funny a bit he did about a family saving up to buy their trans son a pussy for christmas on his podcast. what is wrong with sharing that. the news story about the kid dying was real and very tragic.

REPLY   SHARE

Edward Scizorhands 8 hrs ago

I found Mark Robinson's new account.

REPLY   SHARE

Edward Scizorhands 8 hrs ago

"Trump won because of my pet issue" might be true, but also said by everyone, including all the wrong people.

I think that giving sex changes to prisoners was dumb, probably cost her some thousands of votes, and was overall a symptom of her poor political skills. But people really hate inflation and being gaslit about it.

It's the economy, stupid.

REPLY   SHARE

Buckwheatloaf 4 hrs ago

on twitter why does the profile say "I'm a soup puppy kitten puddle slurpy mess goo bunny" and it looks like a boy that estrogenized his whole body to look like a preteen. I come across this profile aesthetic a lot flying the trans flag. I'm sympathetic to exploring gender to an extent but this is the kind of thing throwing some people off &_&

REPLY   SHARE

Buckwheatloaf 14 hrs ago

Was it really mispriced? Early vote data showed about equal number of suburban and rural voter in Florida and Texas but missing MILLIONS of urban vote. it was inconceivable for them to make up this deficit on e-day and they didn't (both carried by 14 points flying In the face of any polls). Anyone looking at early voter data with an open mind seems to be much more confident about their predictions in certain swing sates like AZ and NV (that both had solid early voter data, nv being the most complete). The markets had these at -300+ at points because they were using early vote data.

For myself I bet 14k on Nevada on a sportsbetting site I use with very little fears even though I'm generally very risk averse and that was the largest bet by far i ever placed .

Stil waiting for the finalized results for the 12k pay out uwu

💬 **REPLY (1)**   ⬆ **SHARE**   ...

Edward Scizorhands 8 hrs ago

Other people were insisting the early voting numbers were good for Harris. Nate Silver had to talk them down here: https://www.natesilver.net/p/the-early-vote-doesnt-reliably-predict

(I don't have the full post, but I'm just talking about the content above the fold.)

Clearly a bunch of people wrongly thought the numbers were in their favor, while you thought it was in yours. What's the difference?

(Can't you see the party affiliation of the early voters? I think that would be the simplest proxy measure.)

💬 **REPLY (1)**   ⬆ **SHARE**   ...

FLWAB Flying Lion With A Book 7 hrs ago

You can't know the party affiliation for certain, but you do know where they're voting and that tracks with party affiliation pretty well. High early votes in rural counties (which are pretty much always lopsidedly Republican) with lower early votes in urban areas (lopsidedly Democrat) and you can make a good guess as to how enthusiastic the early voters are by party.

💬 **REPLY**   ⬆ **SHARE**   ...

FeepingCreature 14 hrs ago

> Yes, but this system is meant to work in a world where amounts of money are at least somewhat even.

No! The system is meant to work in a world where the amount of money flowing through prediction markets is *a significant fraction of the economy.* The whole idea is if you can systematically make true predictions you can pull alpha out of the prediction market. You get a very *uneven* distribution of money, and that *correctly* drives your prediction strength up, because the market recognizes that you're a reliable source of accuracy. Even amounts of money would ruin prediction markets by turning them into democracy. The real problem is that being able to produce value for society has no reliable connection to predictive accuracy of bets. – Though, even then I have to say that being able to produce value via a banking job probably has a much higher connection to predictive accuracy than most other jobs, so maybe even in that regard the system worked as designed here.

REPLY   SHARE

Bob Jacobs Collective Altruism 14 hrs ago

I think 2% is a bit generous, we've seen that prediction markets have a rightwing bias so this is perfectly in line with expectations, I'll be updating 0.2%.

As to why prediction markets have a persistent bias when markets are supposed to correct for them: prediction markets don't just predict the future, they also *affect* the future e.g. if prediction markets predict that a certain policy will have a positive effect they're more likely to be implemented. This gives market participants an incentive to be more optimistic towards policies that if implemented would benefit them e.g. if Musk bets a million dollars to shift a policy (that would net him a billion dollars) towards a positive perception, then even if he loses that million dollars on the prediction market he more than makes up for it with the billion dollars he gains by having that policy implemented.

This brings us to the demographics of prediction markets, which is mostly rich white guys, people more likely to be rightwing. If you're a poor black woman who's inside a poverty trap living paycheck to paycheck you can't participate in the prediction market even if you want to. So even if you know that the policy that Musk wants to implement is just going to enrich rich white guys at the expense of the poor (which you might not know since living paycheck to paycheck doesn't give you a lot of time for policy analysis, but that's a whole different problem with prediction markets) you can't even correct it.

(for a more precise version of this argument see: https://bobjacobs.substack.com/p/conditional-prediction-markets-will)

REPLY (1)   SHARE

TGGP TGGP 9 hrs ago

The whale wasn't Elon, it was a French guy who won't be living under Trump's governance and just wanted to make money.

If there was a conditional prediction market, anybody with money who wanted to make more could seek out info from any "poor black woman" that had it.

REPLY (1)   SHARE

Bob Jacobs Collective Altruism 8 hrs ago · *edited 8 hrs ago*

I never claimed it was Elon that was just an example, why would you even think I believed that given that I didn't talk about the whale, did talk about a fictitious policy

proposal, and that the post I'm commenting on literally talks on and on about Theo.

It's not that people with vested interests can't make money by predicting correctly, it's just that they can make even more money by predicting incorrectly, which means conditional prediction markets as a whole will, on average, be skewed in the interests of the wealthy.

💬 REPLY (1)   ⬆️ SHARE   ...

TGGP TGGP 7 hrs ago

I didn't claim you did claim it was Elon. I'm claiming that the facts of the case don't fit your hypothetical. As far as we know Theo derived no particular benefit from the outcome other than his bets paying off. They CAN'T "make even more money by predicting incorrectly", because they lose all the money on incorrect bets. Bet incorrectly and someone like Theo can figure it out and bet against you to take that money. Nobody on earth is rich enough to buy the pot from everyone else on earth willing to take their money.

💬 REPLY (1)   ⬆️ SHARE   ...

Bob Jacobs Collective Altruism 7 hrs ago

I wasn't talking about the case/Theo, I didn't even mention them. And people CAN make even more money by predicting incorrectly if that causes a policy to be implemented which makes you more money, like I explained in my comment. It's not necessary for everyone to be on the same page to skew the result e.g. the scenario in the post.

💬 REPLY (1)   ⬆️ SHARE   ...

TGGP TGGP 7 hrs ago

You can't get the policy implemented if people who know better bet against you.

💬 REPLY (1)   ⬆️ SHARE   ...

Bob Jacobs Collective Altruism 7 hrs ago

Even assuming perfect information (which as I pointed out is only true in the ancap's imagination and not in reality) this still isn't true since one group could outspend another group e.g. the scenario in the post

REPLY (1)   SHARE   ...

TGGP TGGP 6 hrs ago

No, as I said, nobody is rich enough to "buy the pot" against everyone willing to take their money.

REPLY (1)   SHARE   ...

Bob Jacobs Collective Altruism 6 hrs ago

Show it then, show me where the example goes wrong, how can the underclass of examplestan win in the prediction market?

REPLY   SHARE   ...

Robert Jones 14 hrs ago

"Until early October, Metaculus (the top forecaster) was consistently +4% bluer than Polymarket (the top market)."

This is incorrect. I have a graph: https://photos.app.goo.gl/Tuab9CoLaL96cZpS9. The data points are only every few weeks, but it doesn't look remotely like a consistent +4 to Polymarket.

It follows that "If not for Theo, there's no reason to think Polymarket would ever have shifted from its usual regime" is also wrong. There is no "usual regime". Theo's trading pattern is murky, but the accounts identified by the WSJ were not active in the week before the election. My own sense is that while Theo was responsible for the price spiking to 67c on 30 October, he didn't contbribute much to the price on 4 November. There were other people making big bets, and perhaps the argument goes through if you substitute "half a dozen whales" for "Theo", but the narrative where this was all about one French guy is too simplistic.

I remain of the view I expressed in the hidden thread, which I'll copy here so other people can see it:

There's more information here than whether the outcome occurred or not. If Trump had won by a very narrow margin, the result would be the same, but we would consider that a 50/50 prediction looked good. In the events which occurred, we are therefore bound to consider that it looks less good.

Sometimes, you predict something has a 10% chance of occurring, and it occurs, but the means by which it occurs was sufficiently peculiar that in retrospect you are content the prediction was sound. This is the opposite situation. It doesn't look like something that just ~~happened to fall on one side of a knife-edge.~~

REPLY   SHARE

Buckwheatloaf 14 hrs ago

Theres robust early voter data for recent elections with the ability to make fine grained comparisons. If anyone looked at a state like Fl or TX the differences made it almost literally impossible for any compensatory eday vote to bring the results level with 2020 . In the swing state there were more nuance but this is the main factor that made the betting market more red than the poll aggregate. The early vote data portended underwhelming result with certain demos.

REPLY (2)   SHARE

JungianTJ Seeking Bird Perspectives 10 hrs ago

The post awards 10 percent probability to „Theo knows better than the rest of the world", 90 percent to „Theo doesn't know better", and then updates from 10-90 to 12-88 based on the election result. Scenarios such as this one, real markets incorporating early voter data better, are given 0 percent.

REPLY   SHARE

Max 5 hrs ago

Why did Trump's odds on polymarket decrease from 66% to to 56% on Polymarket from October 29 to November 3?

REPLY (1)   SHARE

JungianTJ Seeking Bird Perspectives 4 hrs ago

With the election coming into close view, too much dumb, mainstream-poll-following money moved into the markets for the smart money to keep it in check . . .

(Meant to be a joke originally, but who knows. My own first speculation was a different scenario from Buckwheatloaf's, based on the fact that we know Nate Silver's model swung slightly towards Trump temporarily, which obviously couldn't have been caused by Theo: perhaps real-money markets interpreted the slightly shifting polls as the end of the Harris honeymoon effect and momentum for Trump,

therefore experiencing a bigger swing than Silver's model, which does not consider momentum, as Gergő Tisza documented to me in the Mantic-Monday post's comment section.)

REPLY   SHARE

Buckwheatloaf 13 hrs ago

I'm slightly skeptical large bet on poly could we set the odds because Isn't there a lot of sportsbook with high(er) volume? It is easier by magnitudes to send ur BTC into sportsbools and place ur bet in an instant than try to use poly market "buy shares" (convoluted and confusing to anyone habituated to sportsbetting). Wouldnt the people who set the odds across sportsbooks be placing large bets in the millions reverberate to poly.

REPLY   SHARE

Jeremy Ray 13 hrs ago

I don't know if I'd ever blanket compare two prediction markets in that way. The users have different cultures and will bet differently on different issues, and each issue has its own considerations. I think a lot of people were trying to arbitrage between polls and Polymarket, which ended up being a weakness... But also, if Polymarket hadn't been that close to 50/50, perhaps the incentive wouldn't have been there for a billionaire to commission his own, more accurate polling. I'm conflicted on whether this is a win or not for prediction markets, and given the results of that polling was hidden from the pubic, I'm conflicted on whether all of this is good for society. Ideally pollsters would just do better.

Easy for me to say, sure, but it's consistent enough that I was able to make money on the market in question based on the prediction that A) pollsters will continue to underestimate conservative sentiment, and B) lots of people are arbitraging between polls and prediction markets. I don't know what you'd call that. Reverse arbitrage?

REPLY (1)   SHARE

sclmlw 4 hrs ago

You could make money by both active betting like what you did and risk-free arbitrage at the same time. You'll get larger returns doing no arbitrage, but you'll do that by accepting more risk.

REPLY   SHARE

Dave Browning 13 hrs ago

I said it in the other thread, but betting markets are nothing but another data point. That data point only holds water if it reaches a critical mass and even then is just another data point.

Americans have proven three times in recent memory that we absolutely suck at predicting elections. Why disparage more data points? Polling was incredibly bad at predictive power this go round (landslide + popular vote), anecdotes in my county were spot on, betting markets were accurate.

Anonymous controlled spaces like reddit were very inaccurate, anonymous slightly less controlled spaces like X were more accurate.

All of this negated by Socrates: the beginning of wisdom is knowing you know nothing.

We know nothing Jon Snow

💬 REPLY   ⬆ SHARE   ⋯

Niclas The Paradox Ravens 13 hrs ago

Re Bayesian updating: I made a little simulation:

https://x.com/nic_kup/status/1854471561782128747

💬 REPLY   ⬆ SHARE   ⋯

Jack 13 hrs ago

> I trust the normal operations of the market.

I'm somewhat confused on what you think the 'normal operations of the market' are? A big player confidently buying up a short-term contract seems like a very normal operation!

prediction markets are meant to weigh the wisdom of the crowd by each participants confidence, and if Theo was confident for the right reason, his vote should be outweighed! The argument that it was difficult for some to participate on Polymarket seems to also apply to why Theo wasn't buying on any other markets - clearly there were some frictions applying in the other direction too

💬 REPLY   ⬆ SHARE   ⋯

Buckwheatloaf 13 hrs ago

"mid October" is when early voter data began to trickle in. To correlate the shift in the markets to a lone bettor before that seems like an oversight =.=

The sportsbet site also shifted at this time not just poly. It certainly is insulated from barrier to entry but I thought it still shifted with the other books not against it.

💬 **REPLY**   ⬆ **SHARE**   •••

philh   philh   13 hrs ago

I'm not sure how big a factor this is, but if your currency is worth more in outcome A then outcome B, then real-money prediction markets make A seem relatively more likely.

Polymarkets is, what, USDC? If we assume that's worth the same as USD, the S&P 500 went up after the election. If traders expected that to happen (I didn't), then a Trump victory being "overpriced" is what we'd expect, though I'm not sure how much overpriced - looks like the index is up about 3% but idk offhand how to turn that into prices on prediction markets. (Supposing the market thinks there's an X% probability of a Trump victory, and value of USD in a Trump victory versus a Harris victory is Y% higher, we can probably get the market prices - but we know neither X nor Y, and surely we can't figure out both of them from the market prices. Maybe we can get plausible bounds?)

And betfair and smarkets are in GBP, where it looks like the FTSE all-share went up the day after but then back down, and I dunno how to interpret that.

At any rate, this is one theoretical reason to expect play-money markets to be more accurate.

💬 **REPLY**   ⬆ **SHARE**   •••

Thomas L. Knapp   13 hrs ago

Price is an indicator of how much value the buyers and sellers place on a thing.

If something is offered for sale, and the offer is taken, by definition the thing is not "mis-priced." Value is subjective and differs from person to person, which is what makes exchanges desirable.

The value of "Trump wins" shares on a prediction market was in the buyers' and sellers' expectations, not in how the bet resolved. Post-transaction regrets, absent force or fraud, are irrelevant to price as a marker for value.

💬 **REPLY**   ⬆ **SHARE**   •••

AKD   13 hrs ago   ·   *edited 13 hrs ago*

My issue is that there is a serious disanalogy to the coin case. In that case, we're trying to adjust our credences to match some chancy disposition of a coin. There is, in that case, a "true" probability, and we want our credences to reflect that. In the election case, it's a mistake to think of the election as truly random binomial distribution with p = 0.5. Now that Trump won, I believe with something like 99%+ probability that if we reset time to the second

the polls opened, Trump would win again, and again. On the p = 0.5 theory, if we reset time, he'd win half the time. No, we learnt the actual, non random state of the electorate. In such cases, it seems to me that higher credences (i.e., polymarket's higher odds) are very good for their theory of the case.

Analogy: You have two expert paleohistorian friends. One is 50% confident in asteroids-killed-the-dinosaurs theory and one is 90% confident. You can't tell who to trust, but the 50% gut has a general better track record. Ultimately, you come down (due to your ignorance) with a 50% credence. If the asteroid theory is subsequently conclusively demonstrated, I would *massively* defer (with no other information, and with no expertise of my own) to the 90% guy's general understanding of that whole situation.

REPLY   SHARE   ...

MichaeL Roe 12 hrs ago

Totally agree that a sample size of 1 (N=1) does not cause us to update much a prior probability that was around 1.

Even if Theo was consistently beating the markets by making lots of bets and winning in the long run, he still could have lost on Trump by random chance. (I sometimes do a bit where I argue that DARPA should derisk scientific research funding by diversifying grant money across multiple research projects in the same basic area; DARPA does, in fact, do this). You have to split your money across a lot of smaller bets each of which has > 0 expected utility.

REPLY (1)   SHARE   ...

MichaeL Roe 12 hrs ago

There is a choice of different null hypotheses here ....

but my personal null hypothesis is that Theo, the degenerate gambler, correctly identified a mispricing in the prediction market and exploited it.

REPLY   SHARE   ...

Jonathan Paulson 12 hrs ago

There's not really any objective sense in which the shares can be mispriced, because there's no "real price" to compare to. To the extent that there is, the "real price" was 100 cents, since that's what they ended up being worth.

I think you mean something like "the best knowable guess for Trump's victory chances was 50%", but "knowable" is doing a lot of work there; an omniscient being would've probably put

Trump's victory chances at almost 100%.

I don't think you can score particular probability estimates; you have to score over many events to get something meaningful.

It seems odd to pick a case where you ended up being wrong and say "no actually ex ante I was right here". There's not really a definition of "right" that can support this, and you just end up in a tangle of excuses. The point of being "right" is to make correct predictions, but this prediction was wrong.

◯ REPLY (2)   ⬆ SHARE   ⋯

apxhard apxhard 12 hrs ago

Exactly. There are only correct prices - and this correct probability estimates for outcomes they haven't happened yet - if there are correct values.

I think there are correct values, which I get makes me a minority here, but it'd worth nothing that "there are no true values" appears to be a phenomenon only in the 20th century and (in my opinion) the cause of so much of the chaos in the world today.

◯ REPLY (2)   ⬆ SHARE   ⋯

Jonathan Paulson 10 hrs ago

How do you determine the correct values, even in retrospect?

◯ REPLY   ⬆ SHARE   ⋯

Biff Wiss 9 hrs ago

Just because there are correct values doesn't mean we know, or can know, those correct values. A particle has both a position and momentum at any given point in time, but you'll never know both, and arguably will never know either depending on how rigidly we define a "point".

> the cause of so much of the chaos in the world today

The world has always been chaotic.

◯ REPLY   ⬆ SHARE   ⋯

Biff Wiss 10 hrs ago · *edited 10 hrs ago*

> I think you mean something like "the best knowable guess for Trump's victory chances was 50%", but "knowable" is doing a lot of work there; an omniscient being would've

probably put Trump's victory chances at almost 100%.

I think you're leaving out "as of October". I think it's perfectly reasonable for someone to make the argument that an omniscient being might put Trump's chances, relative to October, at below 100%, and if we argue that "no, the omniscient being would know the future" then you'd also be trapped into arguing "this same omniscient being would, in October, place the odds of yesterday's Powerball drawing being '12 17 37 58 62 [4]' at 100%, ergo the oddsmakers were wrong in saying it was a 1 in 292.2 million longshot", which is just silly.

> It seems odd to pick a case where you ended up being wrong and say "no actually ex ante I was right here". There's not really a definition of "right" that can support this, and you just end up in a tangle of excuses.

Of course there's a definition, and it's trivially simple if you actually understand the actual arguments actually being made in actuality.

If you say "the odds of a standard Vegas roulette wheel landing on Red are 50-50", and I say "no, I believe the odds are actually 47.37-52.63", and we go to Caesar's Palace and spin a wheel, and it comes up Red, I was still right.

> The point of being "right" is to make correct predictions, but this prediction was wrong.

Then by your definition, the insane man on the Strip who told both of us that the wheels at Caesar's Palace have a 100% chance of landing on Red because that's the

💬 REPLY   ↑ SHARE   ...

Cos 12 hrs ago

Is it worth some discussion about what it means for an election market to be accurately priced, and relatedly about where the sources of randomness are?

Particularly when contrasted with a sports match for instance. If we hypothetically say that a football match is perfectly priced just before it starts, then that is the best we can do obviously, by definition, and most of the randomness is yet to 'take place', in the goings on of the actual match. If we repeated the game 100,000 times we would see results that agree in frequency with our pre-match 'true price'. In this sense, the result of a single occurrence gives very little information about the price.

What would it mean for an election to be perfectly priced on the morning of the election? By

this time, it would be reasonable to assume that most people have made up their mind on which way they intend to vote. As such, this source of randomness has been largely removed. In a certain sense, aren't the voting numbers already largely 'decided' by the morning of the election? And most of the randomness left comes from our inability to know and sample this perfectly. But in a hypothetical world, the one in which the 'true price' lives, we are aware of everyone's voting intentions in the morning. Shouldn't this be taken into consideration when we talk about accuracy of the prediction markets? What do you mean by the statement that you now think there is an 88% chance Meticulus was more accurate?

If we repeated the day of the 5th November 100,000 times, wouldn't it be very likely that Trump wins a very large proportion of these elections. In this sense, doesn't a single occurrence give much more information about the price than a single occurrence of the football match. In it, something is revealed to us that was in a certain sense already true (what the state of play was at the start of the day).

Therefore, couldn't we argue that the true price on the morning of the election of Trump winning is much closer to 100%? (Of course there is still a certain amount of randomness from those undecided, people actually making it to the polling station etc). Therefore, how can we argue that a market estimating, on the morning, the likelihood of a Trump win at 50% is more accurate than one that had it at 60%?

◯ **REPLY (1)**   ⬆ **SHARE**   •••

Deiseach 12 hrs ago

"If we repeated the day of the 5th November 100,000 times, wouldn't it be very likely that Trump wins a very large proportion of these elections."

That's why Nate ran all the simulations:

https://www.natesilver.net/p/a-random-number-generator-determined

"At exactly midnight on Tuesday, I pressed the "go" button for the final time on our election model this year. I knew it was going to be close. I felt like I was spinning a roulette wheel. (Appropriate, I guess, in a year when I published a book about gambling.) We'd decided ahead of time to run 80,000 simulations instead of our usual 40K.

And after 80,000 simulations, Kamala Harris won the Electoral College in ... 40,012 of them, or 50.015 percent. The remaining 39,988 were split between Trump (39,718) and no majority — a 269-269 tie — which practically speaking would probably be resolved for Trump in the U.S. House."

Maybe he should have run the 100,000 after all! Reality - how rude of it not to line up neatly with the beautiful mathematical models!

I'm not mocking Nate Silver here, by the way; he's been one of the best at covering this entire election and trying to parse out what polls are really saying, what bias is there, what weighting should be given, etc. And he did say that in the end, the result comes down to people going out and voting, and not what the polls predict.

REPLY (2)   SHARE

Biff Wiss 9 hrs ago · *edited 9 hrs ago*

But Nate's model is built on polls. There's fundamental uncertainty baked into it.

If the world woke up on Tuesday, November 5th 2024 100,000 consecutive times, lacking any 4th-wall-breaking awareness of their predicament, I think it's a safe assumption that far more than 50,000ish of those Tuesdays would end up with Trump winning Wisconsin.

REPLY   SHARE

Notmy Realname 5 hrs ago

Nate's model is based on very limited information. If we hopped in a time machine to 12:00 AM November 5th 2024 80,000 times, we would watch Trump win ~80,000 times in a row because in reality voters had already (and would already, based on the information they were fated to consume that day) decided their votes, and the votes would lead to a Trump win every time. The true value of a Trump win contract was ~100c and a Kamala win contract was ~0c, and in that sense everybody mispriced it heavily down, but Polymarket less so.

REPLY   SHARE

Fergus Argyll Kingmaking 12 hrs ago

Been reading for years, first time commenting.

Cope.

REPLY (1)   SHARE

Deiseach 12 hrs ago

A little unfair. You can't tell from one guy making one big bet and winning if he's right or just lucky, so saying that the market was overpriced is the correct view. That's not mere

cope.

I don't have the shining faith in prediction markets that others do, but at least this way they're getting a trial run and seeing how things can go wrong, before anyone tries using them as "let's set government policy that will affect the real world running of the country by the prediction market! what could possibly go wrong?"

See above for how it can do an oopsie 😬

💬 REPLY (3)   ⬆️ SHARE   •••

Fergus Argyll Kingmaking 12 hrs ago

Metaculus is the least calibrated market (https://calibration.city/)

His priors don't seem to be based on anything, trying to prove anything from predictit is silly, they have a betting limit per trader (which implies that whales are better for market accuracy...)

Market was right, Scott was wrong. he retroactively sets unrealistic priors so he doesn't have to update. My prior that my uncle is a fish is 1.00

💬 REPLY (3)   ⬆️ SHARE   •••

Fergus Argyll Kingmaking 11 hrs ago

It's so frustrating, I learnt about prediction markets from him, long brilliantly written essays how they work, why they work etc. and then in their biggest test, they were right! but because he assumed that it should be more like 50/50 we can now throw everything out the window

💬 REPLY   ⬆️ SHARE   •••

Taleuntum 8 hrs ago

No, you are wrong.

Scott says what he bases his priors on (previous competitions), so its clearly not true his priors are based on nothing.

Furthermore, using calibration city for this is silly as it does not use the same set of questions for comparison. Manifold has thousands of "daily coinflip" and similar markets, it is very easy to reach perfect calibration on a coinflip (just predict 50%), while metaculus only has "interesting" questions (ie. A random user can't just make some easy to correctly predict question).

Personally, I use both Metaculus and Manifold and because I have a consistent profit on Manifold, I feel qualified to say that Metaculus is better.

💬 REPLY   ⬆ SHARE   ⋯

Ivan 8 hrs ago

Metaculus also has 1/10 of the number of bets analyzed. Compared to others. No wonder it is "less calibrated".

I don't know if Metaculus is accurate or not. My gut feeling is that the money markets are more accurate. But I do think polymarket in October was wrong.

💬 REPLY   ⬆ SHARE   ⋯

Anonymous Dude Anonymous Dude   11 hrs ago

Frankly, setting government policy by prediction markets is a dumb idea; they're only one tool among many. Of course IRL deep-pocketed interests would try to manipulate it.

I think the biggest real upside of futarchy is you can make (in the appropriate company) jokes about how there's no real argument intersex people are any better at government than anyone else.

('Futa' is also short for 'futanari', a genre of hentai involving people with external genitalia belonging to both sexes, often in anatomically impossible ways.)

💬 REPLY (2)   ⬆ SHARE   ⋯

Deiseach 11 hrs ago   ·   *edited 11 hrs ago*

My well of English has been permanently defiled, to quote "His Last Bow", by early exposure when I did get on to the innerwebs to the less savoury parts, hence every time I see "Futarchy" my mind automatically goes "Isn't that the Japanese porn thing about?"

Really do need to come up with a different name for it!

💬 REPLY (1)   ⬆ SHARE   ⋯

Anonymous Dude Anonymous Dude   10 hrs ago

In Japan, 'bukkake' is a way of serving noodles.

💬 REPLY   ⬆ SHARE   ⋯

TGGP TGGP 9 hrs ago

Manipulation would attract more smart money betting against it. Such "dumb money" thus helps:

https://statmodeling.stat.columbia.edu/2024/10/25/prediction-markets-and-the-need-for-dumb-money-as-well-as-smart-money/

REPLY SHARE

TGGP TGGP 9 hrs ago

You can only say it's "overpriced" if you have some standard other than the actual result, and I don't think you can have such confidence in them.

REPLY SHARE

Deiseach 12 hrs ago

"(T)he amount of money someone puts into Polymarket is exactly proportional to their trustworthiness. This is a fair approximation for the Polymarket algorithm to use; it's the assumption that drives prediction markets"

I think this is the problem right here. Prediction markets (all markets, really) are not working off *trustworthiness*, they're working off *confidence*. Theo was very confident that his bet was correct so he put a ton of money on it.

People can be very confident that their prediction/bet is right, and put a ton of money on it, and lose their shirts. We know this from ordinary gambling and betting. Dressing up prediction markets as "one of the single best sources of truth" is what is blinding rationalists here.

Bob has a lot of confidence in his bets (let's call them that, if we're putting real money with them, instead of predictions) so he puts a lot of money on them. All the market can tell from that is that Bob is very confident. For the market to judge Bob as *trustworthy*, it (and we) would have to follow the pattern of his bets over time to see if Bob is generally right (better than chance) if he bets on "X will happen, Y will not happen".

If Bob gets a lot right at better than mere chance levels, then we can say Bob is trustworthy if he thinks Larry the Cucumber will win the presidency in 2028. If Bob makes one big bet, wins big, and peaces out, we have no idea if he's smart, or just lucky.

Theo seems to have had a process at work for his confidence that people were underestimating Trump's chances and overestimating Harris' chances, more than just going

on a gut feeling

Expand full comment

💬 REPLY (1)   ⬆️ SHARE   ···

TGGP TGGP 9 hrs ago

I think Theo knew something. I hadn't heard he commissioned a private poll until recently, even though people had been talking about the French Trump whale earlier.

💬 REPLY   ⬆️ SHARE   ···

Fuck Yeah 12 hrs ago

😎😎😎😎 Who cares, Trump won!!! Here's to one of the signature Bay Area hobos repeatedly stabbing you in the remaining kidney!!!

💬 REPLY   ⬆️ SHARE   ···

Anonymous Dude Anonymous Dude 12 hrs ago

So what would people do to invest for the second Trump term? I'm thinking buy a house, since the tariffs (and deportations) are likely to cause inflation, and stocks over bonds, but I'm sure people here have some more thoughtful ideas. Energy? Finance? Small-caps?

💬 REPLY (1)   ⬆️ SHARE   ···

Arrk Mindmaster 11 hrs ago

A good bet if you think tariffs will be broad-spectrum would be to buy stock in companies that produce things in the US, as long as they also buy their raw materials/parts in the US. Their costs won't increase, so their pricing should get better relative to the competition, increasing sales and thus profits.

I have no particular companies in mind, though. We import a lot of stuff, and commerce is complicated.

💬 REPLY   ⬆️ SHARE   ···

David L. Kendall Econoblast 12 hrs ago

Elections are not stochastic experiments. Market prices are not probabilities. The analogy of "voting with dollars" is more apt. If Joe's Exxon has gas at $3 on the corner of Fifth and Main, but Sally's Mobile has gas at $1.50 on 30th and Main, is anyone prepared to make a comment about the probability of finding gas at $2 at the corner of 2nd and Main?

Market prices give us information about what other people think the value of some good is. Mr. Market, as Benjamin Graham called it, has a mind of its own. Mr. Market combines the dollar votes of people into bids and asks. If someone comes along and says "the market price is wrong," my question is "compared to what."

Every day any number of people buy and sell stocks on the world's exchanges with a belief (or is it just a bet) that the price of some company is "too high" or "to low." Who knows how much of the action is "smart money" vs "dumb money"? Mr. Market doesn't know and doesn't care. Every dollar is just a vote. How are prediction markets any different? The more dollars voted, the greater weight the vote carries. That's the top, bottom and both sides of Mr. Market.

The Efficient Market Hypothesis proposes that market prices reflect all the information available and do so really quickly. Are prediction markets efficient? "Compared to what" is the only question that makes senses to me.

REPLY   SHARE   ...

apxhard apxhard 12 hrs ago

Scott, your coin flipped 3,000 times, and came up heads at least 2,000 times. It's clearly not 50:50.

A good test for whether it was a fluke is looking at county-wide differences from the 2020 vote. If it truly was 50:50, we should have seen noise. But instead we saw a sea of red, because almost whole country shifted rightward.

I think that's good evidence that the whale understood reality better than the play money markets, and the true probability of Trump victory was higher than 60%.

REPLY (2)   SHARE   ...

Ivan 8 hrs ago

Yeah you clearly do not understand the math. County results are highly correlated.

REPLY (1)   SHARE   ...

BlueSky 7 hrs ago

True, but are they *that* highly correlated? I guess the key question is: "in what percent of Nate Silver's simulations were the county-wide differences as skewed as the actual result?"

REPLY   SHARE   ...

Jubernation 8 hrs ago

I feel like you're answering the wrong question. It is not "given the actual votes on Election Day, what are the odds of Trump winning?" Those are obviously 100% (minus whatever negligible amount you'd like). The question is, given the public and semi-public information available prior to November 5th (i.e. polls, analysis of the fundamentals, the method Theo was using, etc.), what are the odds of Trump winning? In other words, if you can imagine an equally likely outcome that looked the same beforehand but shifted the other way, then the amount and uniformity of Trump's win in practice does not really matter.

Another minor quibble is that since the Democrats' Electoral College advantage diminished by (I believe) about 3 points between 2020 and 2024, and the Ds won in 2020, a relatively uniform rightward shift is not incompatible with odds of 50-50.

REPLY   SHARE   ...

Anonymous Dude Anonymous Dude   12 hrs ago

I agree with your overall point about real-money markets doing weird things because arbitrage is harder.

FWIW I bet about $1500 and made about $300 as of this writing on Predictit. Last time I bet about $1000 and made about $100. I couldn't really use Kelly because I wasn't sure what my actual chances of winning were--I was making small bets and moving sides accordingly as news came in (same as everyone else on that site, I imagine), so stopping to record it would have cut into my winnings--I was arbitraging between 'Kamala next president' and 'next president is a woman', for example, which doesn't stay different long and often gets negated by the difference between buying and selling prices (I believe real traders call this the bid-ask spread?). I'm sure one of you folks could write code to store all movements or something.

I suspect the money on Kalshi's much smarter and I am not going to do well so I am not planning on a side hustle as a trader--something like 98% of people lose money on that. (Also, as you may have guessed, I have something of a problem with excess risk aversion.) But I thought people might find the experience interesting.

REPLY   SHARE   ...

Caba 11 hrs ago · *edited 6 hrs ago*

"Suppose you have a coin. You think there's a 90% chance it's fair and a 10% chance it's

biased 60/40 heads. Then you flip the coin and comes up heads. What should your new probability be? You would solve this with Bayes' Theorem; the answer is 88% chance it's fair, 12% chance it's biased."

This is flawed, because Trump did not just win, he won by A LOT.

Prediction markets didn't give the odds of Trump winning by a lot as opposed to just winning, but we can infer the odds they would probably have given, from the odds they give for Trump just winning.

Imagine there's a guy who represent Polymarket and another who represent the others. If we had asked them what are the odds of Trump winning by this much (again, as opposed to just winning), we would get answers that differ greatly, because of how bell curves are shaped.

Not a small difference like 50% as opposed to 60%.

Therefore I think the outcome vindicates Polymarket by a lot more than 2%.

  💬 REPLY (1)   ↑ SHARE   ...

Matt Wigdahl 7 hrs ago

Was there a market for "Trump wins the popular vote"? That would seem to be better calibrated on the size of the win than just "Trump next President".

  💬 REPLY (1)   ↑ SHARE   ...

SamR71 7 hrs ago

Even better would be the market for "Trump wins popular vote by >3 points"

  💬 REPLY (1)   ↑ SHARE   ...

Douglas Knight 3 hrs ago

If you think Trumps wins the popular vote by >3 points, you should bet on it. There's still time:

https://polymarket.com/event/popular-vote-margin-of-victory-in-presidential-election

  💬 REPLY   ↑ SHARE   ...

Jonathan Segel 11 hrs ago

I think this post illustrates exactly why the whole prediction market idea disgusts me: like most of capitalism, it exists in a world without any connection to morality and is only

considered within itself and the milieu of money, regardless of the world actions that it is reflecting. Bleh.

I know you (Scott) love it and are way into the idea of future prediction, but honestly every time I read one of your posts about betting on prediction, it somehow turns my stomach.

But what do I know, I'm just a penniless old guy who seems to have nothing in common with people who have and play with money, more and more as the years go by. I guess your world is entirely different.

💬 REPLY (4)   ⬆ SHARE   ⋯

Jonathan Segel 11 hrs ago

For example, I read this: "After Republican candidate Donald Trump won the U.S. Presidency, the price of Bitcoin saw a sharp upward move that saw it hit a new all-time high at $76,482 as market optimism over the potential introductions of a friendlier regulatory environment in the U.S." and I realize that the "friendlier regulatory environments" are exactly this same playground, and also exactly what I believe are responsible for huge wealth disparities in the world, leading to scarcity, fear and ultimately to autocratic governments. Yuck.

💬 REPLY   ⬆ SHARE   ⋯

TGGP TGGP 9 hrs ago

What's immoral about it?

💬 REPLY (1)   ⬆ SHARE   ⋯

Jonathan Segel 8 hrs ago

Ignoring the entire context of the human society in which it exists.

💬 REPLY (2)   ⬆ SHARE   ⋯

Taleuntum 8 hrs ago

When I sleep I also ignore the entire context of human society. Is this also immoral? This question probably sounds like a lame gotcha to you, but it is absolutely honest: I have no idea what is the meaning of your previous comment, and I would guess a lot of of other people are also confused, so feel free to elaborate for more clarity.

💬 REPLY (2)   ⬆ SHARE   ⋯

Jonathan Segel 8 hrs ago

I'll try. What I mean is that playing with money regardless of the context (in this case betting on election outcomes that will have global affect) separates the monetary aspect of it from the greater sphere of the subject, which can only insulate the players from being effected by the good or bad that comes from it. In this particular example, I see it as the same as, for example, investing in companies that have detrimental environmental effect upon the world but being happy about making money, disregarding that these companies and indeed the entire stock market have an adverse effect on wealth disparity overall. Or perhaps like betting on dog racing, disregarding the well-being of the dogs themselves.

I'm both jet-lagged and extremely concerned about global repercussions to the *situation* that these bets are riding on, so perhaps emotional, but seriously: my reaction to reading the post was nausea.

I find that those who play with money almost always disregard the very fact that their "play" is made available to them by a constant inequality in wealth among people, and most people ignore the context in which that wealth exists in the first place.

If that doesn't explain why I posted this, I'm not sure I can.

REPLY   SHARE   ...

Mallard 8 hrs ago

Seeming example of this: https://x.com/RichardHanania/status/1842940892048703513. It's easy to gesture at issues without even roughly quantifying how those issues override the benefits. While it's conceivable that betting markets affect outcomes negatively since perhaps by introducing valuable information, someone could make a decision on its basis, that's ultimately just an argument against information! Sure, a campaign could adjust its practices in light of prediction market behavior, but the same goes for punditry, inasmuch as the punditry contains a useful signal.

Similarly, the follow up comments note that capitalism has led to undesirable outcomes like income inequality. Sure! You can't have much inequality, when everyone is a subsistence farmer. Everything is bad for

someone (vaccines are bad for business, if you're a coroner). And it's trivial to string words together alluding to the downsides of anything, without making a meaningful argument about that thing actually being bad.

💬 REPLY (1)   ⬆ SHARE   ⋯

Jonathan Segel   3 hrs ago

It still hits me as crass.

💬 REPLY   ⬆ SHARE   ⋯

Yadidya (YDYDY)   YDYDY (youtube.com/@YDYDY)   6 hrs ago

Hi, I think you'll enjoy my YouTube channel. I won't share it here so as not to spam but I get exactly how you feel. Clicking my avatar will get you to my substack to my youtube. Check out especially those videos that are more than a month old. I engaged in a serious experiment and the results are such that I'm undergoing a radical transformation and my future videos or whatever are likely/hopefully to be far less moral polemics with practical intent. The experiment didn't result in the vindication of goodness and truth that I preferred it would but I am very happy to have done it so thoroughly that I can now rule it out. I have something much better and more fun in mind.

You may be able to learn things from my experiment too If you do I would be pleased to hear from you.

💬 REPLY   ⬆ SHARE   ⋯

Occam's Machete   9 hrs ago

Making an honest profit is about the most moral thing in the world.

💬 REPLY (1)   ⬆ SHARE   ⋯

Jonathan Segel   8 hrs ago

Frankly, I'm not certain that all economics isn't a zero-sum game. Profit implies loss. Maybe there is no such thing as "honest" profit in any situation, someone or something loses. For example, in extraction-based capitalism, they don't even count the damage to the environment as a "cost", hence it's all "honest profit." Similarly much of globalization has meant more diesel ships at sea, worse working environments *somewhere*, etc etc, for that "honest" profit.

💬 REPLY (3)   ⬆ SHARE   ⋯

Occam's Machete 8 hrs ago

You don't understand producer surplus or consumer surplus or efficiency gains and tech advancement from incentives and competition.

Trade offs and externalities are a thing, but guess what, damaging the environment predates modern capitalism.

💬 REPLY   ⬆ SHARE   ⋯

Paul Brinkley 6 hrs ago

"Frankly, I'm not certain that all economics isn't a zero-sum game. Profit implies loss."

Consider the amount of wealth in the world 50, 100, 200, and 1000 years ago, and the amount of wealth today. Where are you thinking all that wealth came from?

💬 REPLY (1)   ⬆ SHARE   ⋯

Jonathan Segel 3 hrs ago · *edited 3 hrs ago*

as above: "Trade offs and externalities are a thing, but guess what, damaging the environment predates modern capitalism."

edit in an afterthought: where do I think all that wealth came from? off the back of people and places that had no say in the matter and got nothing in return. It didn't come from nowhere.

💬 REPLY   ⬆ SHARE   ⋯

Hadi Khan Of Aurochs and Angels 6 hrs ago

> Profit implies loss.

Er, no it doesn't. This is one of the most fundamental things in economics.

💬 REPLY (1)   ⬆ SHARE   ⋯

Jonathan Segel 3 hrs ago

Ok, I'm dumb then. You can all go to bed happy.

💬 REPLY   ⬆ SHARE   ⋯

Anna Rita 6 hrs ago

I don't really bet on or use prediction markets, but I still find them useful. I mostly comment and read forums in fairly Democratically-aligned spaces, and I saw lots of information last week that was hard to gauge in terms of its accuracy. People were spending hours dissecting early vote results, the Seltzer +3 poll, etc etc. Some people were predicting a Harris landslide. See here [1] for a typical example of this. Whenever I saw this, rather than trying to engage with a complex statistical argument, I looked at 538 and PredictIt, and found that the odds were still about 50/50. An enormous amount of election coverage is essentially bullshit that doesn't matter or isn't predictive. This is why I find it useful: as a summarization of what's happening. I think it's important to separate the message and the messenger here.

[1]: https://app.vantagedatahouse.com/analysis/TheBlowoutNoOneSeesComing-1

💬 REPLY   ⬆ SHARE   •••

Ash Not Daas Torah 11 hrs ago

I'm not sure I agree. If the election indeed would have been close (as in 2020), there would indeed have been no way to predict it over chance. But this was a shellacking. There were signs that this was coming, and there was presumably a way to discern those signs from the Kamala noise.

💬 REPLY   ⬆ SHARE   •••

Thomas Kehrenberg 11 hrs ago

I'm not sure a biased coin is the right model for an election. The main characteristic of a (biased or non-biased) coin toss is that the physics of its flight path are so complicated to compute that even a human with a computer cannot predict its outcome.

But surely, an election result is in principle more predictable than that? With an expensive effort you could send people into Iowa, to get to know the people there and understand their values and beliefs and predict successfully how they will vote.

I'm not saying Théo's efforts were on this level, but I don't know, one is at least on shaky ground when criticizing the man who commissioned his private polls and who turned out to be right. I don't find it so unthinkable that the incentive of winning $30 million made him do a better at getting good polls than anyone else. (Hmm, though what about Wall Street? Wouldn't they also have a large monetary incentive to find out who will win?)

Also, I fully agree that Polymarket didn't have *enough* sophisticated traders to really trust

their odds, but given that the most sophisticated trader made it go towards Trump (the winning outcome), it could well be that with more traders of higher sophistication, the market would have been even more skewed to the winning outcome, because, again, I would argue that an election outcome is something that is knowable, as opposed to the outcome of a coin flip.

REPLY (1)   SHARE

Shaked Koplewitz   shakeddown   10 hrs ago

This is a general way to model how much information you do and don't have - with a fiar coin you can't (barring an implausible level of physics modeling) reduce entropy below one bit of uncertainty, but with an election good polling and modeling often can - but still not to zero (no one predicts every election exactly right, there's always unknown factors).

REPLY   SHARE

Albert   11 hrs ago

I know Scott says the other big money markets were arbitraged which is why they were closer to Polymarket than PredictIt was. However they didn't seem to be arbitraged very well. At times after the French trader Theo entered, there were extended periods where there was at least a 4% difference between Polymarket and Betfair. How is that big of a spread possible? Commissions can't be that high can they?

REPLY (1)   SHARE

smith   10 hrs ago

Bertie has a 2% commission on winnings, Polymarket doesn't have any, but there are costs in moving money in and out of crypto. There is also currency risk and opportunity costs of locking the money up in bets, increasing the further before the election you place the bets.

REPLY   SHARE

Jorge I Velez   Learning Decision Theory and it...   10 hrs ago

I believe the markets on Polymarket did correct on election day, completely removing the Theo effect. The popular vote market was trading at 73-74c Kamala the afternoon of election day, and the president market was trading at 39-42c.

I will say that Polymarket has always had a Trump bias, so many traders on Poly were

expecting a Trump surge near election day. On November 2, the election market was trading at around 45-55, then on Monday and Tuesday the Trump surge happened (Theo barely traded on Monday).

💬 REPLY   ⬆ SHARE   ⋯

Shai Natapov 10 hrs ago

An election isn't like a coin flip. It's not a binary yes/no. The fact that Trump didn't just win but swept all the swing states should increase your trust in Polymarket a lot more than if it ended up being a close win for Trump.

💬 REPLY (2)   ⬆ SHARE   ⋯

Michael 10 hrs ago

I don't think this is right even though it's intuitive. swing state sweep was among the highest probability outcomes for the Silver model, because it expects correlated polling error like we saw. Very impressive sub-prediction! Overall probability was still 50-50.

💬 REPLY (1)   ⬆ SHARE   ⋯

Shai Natapov 10 hrs ago

Isn't it obvious in hindsight that such an error was more likely to occur in favor of Trump than Harris? To me, the Polymarket betters seem smarter than Silver for having predicted when he didn't.

💬 REPLY (1)   ⬆ SHARE   ⋯

Michael 10 hrs ago

I don't think it was obvious ex ante. Pollsters claimed they were trying to correct for their repeated Trump underestimates, which were embarrassing.

💬 REPLY (1)   ⬆ SHARE   ⋯

Shai Natapov 9 hrs ago

What odds did Silver give to a Trump swing state sweep? I know manifold gave 22% for a Trump OR harris sweep.

💬 REPLY (2)   ⬆ SHARE   ⋯

Michael 9 hrs ago

just looked it up. 20% Trump sweep, highest probability. 13% Harris

sweep, next highest probability. More impressive than I thought!

○ REPLY (1)   ⬆ SHARE   ...

Shai Natapov 9 hrs ago

Very cool

○ REPLY   ⬆ SHARE   ...

Vaclav 9 hrs ago

AFAIK he didn't give odds for a swing state sweep, but the single most likely outcome according to his model was Trump 312 - Harris 226 (which matches the NYT's current projection for the final result).

○ REPLY   ⬆ SHARE   ...

Chastity 2 Cradle 2 Grave 3 hrs ago

The night before, it had about a 28% chance of popular vote victory and 20% chance of every swing state going Trump. Both of these came true. However, these numbers are basically the same as Nate Silver's modeling.

○ REPLY   ⬆ SHARE   ...

eccdogg 10 hrs ago

I think this analysis ignores the "wisdom" part of the wisdom of crowds.

When you looked at something like Nate Silver or the RCP polling average or 538 you would come to a number around 50%. But those numbers were only based on polls.

Trump had beaten his poll numbers twice already, Silver and others assured us that this was a random coin flip and could just as easily go the other way for Harris. But there is no real reason to believe that. The data on polling errors is quite short and decidedly mixed and does not control for the fact that usually the candidate changed

I think introspection tells you the errors with Trump would not be completely fixed. When I model they type of person that works for a polling firm I don' think of a person who makes big adjustments to methodology but instead makes gradual adjustments. This type of data was outside of the "numbers".

My view is that you had to start with the Silver numbers as a baseline and shade them towards Trump. I was 60-40 Trump for most of the time leading up to the election.

Polymarket over shot that a couple of times and I would have bought Harris but would up right at that number on election day.

REPLY   SHARE

Rick 10 hrs ago

A lot of this analysis falls apart when we look at Kalshi, which is US-regulated, open to entities like trading firms, and has done nearly $1B of election market volume in the last month or so. Kalshi's presidential market orderbook in particular has been consistently deep and traded entirely by US individuals *and entities* with deep pockets and high confidence (SIG being perhaps the most widely-known market maker on the site). As much as I like the idea that these are niche hobby markets for wealthy nerds, it's not really the case anymore. We're really entering a new age of prediction market accuracy.

REPLY   SHARE

smith 10 hrs ago

Interesting reading this, just a completely different mindset and view of the world to my own.

My strong default would be the real money markets would be far better as in every other area of life, putting money on the line forces people to be more rational, and those that aren't don't generally last very long (poker, hedge funds etc). So very surprising to see research showing non money markets doing better. My best guess is this might be when the money prediction markets were very small and illiquid, but incredibly hard to see something outperforming markets on the US election, with probably a few hundred $m bet in total.

In the medium term if it is true that the non-money markets outperform, imagine this will disappear as people bet on the money markets using the information from the non-money ones.

Regarding hedge funds - I guess they aren't called hedge funds but know a few people who work for companies that make money by using data and analytics to place bets on sports and politics.

Finally take issue a bit with the coin flip metaphor (although agree shouldn't update much from one event). With a coin flip (in theory) you can't figure out before the toss anything that will help you predict it. In contrast the morning of an election (particularly one with a decent margin like this one) the result is pretty knowable if you had the brains and maybe a couple of hundred million to figure it out (I would guess you could call it the right way maybe 80-90% of the time), with the major sources of unpredictability being weather, last minute political

surprises and some variations in turnout that might be hard/impossible to predict in advance. No one actually does this but some people get closer than others (private polling, new data approaches, inside information etc). So the fact that the money prediction markets got closer to the 'real' odds of maybe 85-15 does count for something.

But do agree that this is only one event so doesn't count for much, and also only applies to an election where there is a decent margin of victory. In contrast in 2000 or 2016 the 'real' odds would have been much closer to 50-50, as they were so tight.

○ REPLY   ⬆ SHARE   •••

Vaclav 10 hrs ago

I think you're seriously underestimating the amount of smart money that was available to correct any obvious mispricing. There are billions of non-Americans in the world, and many of us follow your politics (arguably too intently). We're much less likely to have relevant non-public information, but we have access to basically all of the public information. And we wouldn't have had to use Polymarket; if we bet enough to seriously move any real-money market, arbitragers would have showed up and done their thing.

○ REPLY   ⬆ SHARE   •••

Randomstringofcharacters 10 hrs ago

>I have never heard of a hedge fund betting on a prediction market and my guess is that it would either not be legal or require too much compliance paperwork to be worth it. I hope this changes!

Apparently the main thing is just that they have better options. Even if they think they have uniquely good information on the result they can just invest/short stocks that they expect to go up or down as a result. And the downside risk is much lower

Polymarket in particular has a lot more third party risk, and systemic risk around crypto, than most funds would be comfortable with.

○ REPLY (1)   ⬆ SHARE   •••

Greg Foley 8 hrs ago

> Polymarket in particular has a lot more third party risk

Blockchains eliminate third-party risk. They're trustless: the smart contract always does what it says it will do. There is no third party to trust. (Of course there could be a bug in a contract, or something, but Polymarket has been around for a long time and there's a lot

of free money for someone if they can find a bug, and they haven't so far.)

💬 REPLY (2)   ↑ SHARE   ⋯

Randomstringofcharacters 8 hrs ago

I was using the term slightly loosely. Yes on paper it eliminates third party risk. In practise looking at it from the perspective of a fund you have the questions of: How likely are people to continue to want to buy the token I get out at the end of it. How much do I trust that the person who wrote the contract did so competently and non-maliciously. How much do I trust that my belief that it is difficult or impossible to hack the contract is true? What legal protections if any do I have? And if I like the answers to these can I convince my boss and risk management team?

💬 REPLY (1)   ↑ SHARE   ⋯

Greg Foley 8 hrs ago

> How likely are people to continue to want to buy the token I get out at the end of it.

They use USDC, which is a regulated stablecoin collateralized by treasuries and similar which are held by a traditional custodian, so that's not a major worry.

💬 REPLY   ↑ SHARE   ⋯

Michael 8 hrs ago

Who decides which outcome wins on Polymarket? Often it's this weird Rube Goldberg machine called UMA. A very clever system for reaching decentralized consensus about events, but also it's definitely weird and extra risk.

💬 REPLY (1)   ↑ SHARE   ⋯

Greg Foley 8 hrs ago

That may well be the biggest risk, but they haven't done anything clearly wrong yet... resolution of some of these questions can be gray areas, is the worst I've seen.

💬 REPLY   ↑ SHARE   ⋯

MB 10 hrs ago

As a heavy prediction market user, I think this argument is directionally correct. Theo's market impact created a substantially wider gap between real-money and fake-money

markets that never really closed.

This runs contrary to most people's intuitions about how markets work, but I think the important thing to understand is that 5% of edge on a one-off event (i.e. the additional "arb" that was created from Theo's impact) is just not that much. Furthermore, although this was a breakout year for prediction markets, there isn't actually *that* much money hunting for opportunities here. It would have taken tens of millions of dollars to reverse the additional spread that Theo created, and while there were some traders willing to do it, the total bankroll willing to correct Theo's impact was just not on the order of Theo's own risk appetite.

The one caveat I would add is that I think we should distinguish the claim that "Polymarket's odds on election day were wrong" from the claim that "Metaculus/etc's odds on election day were right". I think it's very plausible that real-money markets were correct prior to Theo's arrival, or at the very least that the true probability was somewhere in the 4-5% gap between real- and fake-money markets at that time. But given that this gap widened by another 5% or more, *and it did so purely as the result of one trader's impact*, I think it's very reasonable to claim that Polymarket was mispriced on election night in a literal sense.

 REPLY   SHARE   ...

NJ 9 hrs ago

Did PredictIt take a loss because there was more money on Trump than Harris? It seems like this wouldn't be an issue if prediction markets were more like the stock market (finite amount of action available) than a bookie.

 REPLY   SHARE   ...

Srw 9 hrs ago

As I see it:

1. the best polls said the election was 50-50. Small random factors can move it either way.

2. the reality was that virtually every demographic, and in every swing state, Trump overperformed his last election. Small random factors made no difference at all. In theory, maybe all these decisions were made by voters on election day and pollsters couldn't pick that up ---but that seems highly unlikely. The clearest story is that the pollsters missed exactly the kind of thing they should have easily picked up. If some demographic groups were moving more toward Trump and others against him - that can be tricky to resolve. But when almost every group did that, how can pollsters miss it?

3. Before the election I wondered why more people didn't bet against the French whale, given

where the polls were. But now, of course, the question is why more people didnt bet with him. I don't mean in the trivial sense (Trumps probability of winning is now 100). I mean, in a more efficient betting market I would expect such a broad based move to generate levels much higher than 60% prior to the election.

REPLY (1)   SHARE

George H. 7 hrs ago

Yeah, how (why) did the pollsters miss it. It's not a single coin toss. It's like in every state they got it wrong. And the money markets got it right!

REPLY   SHARE

TGGP TGGP 9 hrs ago

I don't know why you'd still refer to it as "mispricing", when betting against "Theo" would have lost money and moved the market away from what turned out to be the correct result. And perhaps I'm just ignorant of how many people are commissioning private polls, but that doesn't seem "replacement level" to me. How many other Polymarket bettors were doing that? It also seems incorrect to say that Polymarket absent Theo is "normal market operations" while with him it isn't. The market includes all the participants, including whales.

REPLY (2)   SHARE

Mallard 8 hrs ago

I don't think Scott thought through that part, much. He added that part after it was pointed out to him that Theo commissioned secret polls, but the original post wasn't written with that understanding. See https://www.astralcodexten.com/p/congrats-to-polymarket-but-i-still/comment/76002149.

To steelman the original version of his post (which didn't realize that Theo had his own polls), though, one could claim that "normal market operations" have enough liquidity to prevent individuals from significantly affecting the markets, as a whole. They therefore more effectively approximate the aggregate opinion. While a few large players moving markets against the consensus of the rest of the market is possible and is consistent with normal market operations, in practice, markets typically more closely resemble the situation in play-money markets in which single individuals don't move the markets as much.

This would therefore not be a fundamental distinction between prediction markets and

other markets, but instead just a feature of the liquidity of these particular markets due to the factors that Scott lists later in the piece which limit participation in Polymarket.

REPLY   SHARE

Tyler Secular Mornings 8 hrs ago

> I don't know why you'd still refer to it as "mispricing", when betting against "Theo" would have lost money and moved the market away from what turned out to be the correct result.

I beleive the idea is that there is some correct ex ante assessment of the probabilities given avalible information (public and private in this case), and that even though Theo happened to have won, the market still may have been mispriced. If someone offers you 60-40 odds on a fair coin to land heads, the market is mispriced — even if the coin does in fact land heads, meaning the bet loses you money and moves the market away from the outcome that happened in this case.

REPLY   SHARE

Schneeaffe Schneeaffe 9 hrs ago

I think some of your arguments imply that you shouldnt listen to prediction markets at all. If you think prediction markets only work when they weigh people approximately equally, you should just ask people and weight their opinion approximately equally. If youre going to discount market movements without legible justification, you should just believe whatever is legibly justified to you. So, I dont think theres a reason to trust this prediction market less then usual. The track record matters, and arguments like the above may be reasons to trust them less *in general*, but I think arguments to discount a particular market based on how its going are almost always wrong.

REPLY   SHARE

SamR71 9 hrs ago

COPE.

It sounds to me the non-money prediction markets were mis-priced by 50 cents, and the money markets by only 40 cents - thanks to Theo.

REPLY   SHARE

Greg Foley 9 hrs ago · *edited 6 hrs ago*

You seem to believe too much that the consensus of the opinions of intelligent people must be correct, and not enough that the data is the way you find out what's correct. We know there are big problems with the polls: shy Trump voters have happened three times in a row now, and we've observed similar things going back to at least the exit polls on Obama's first election (when exit polls stopped being good predictors). We know that the excessive clustering of polls is statistically impossible, so the pollsters must be fudging them. The Polymarket Whale wasn't just a guy with a different argument that should be counted equally to other arguments, and he didn't just do a "private poll:" he commissioned a "neighbor poll" to correct for the shy Trump voter problem. You don't seem to believe fully in markets, when you say that everyone's "votes" should count equally, not based on how much they bet. The Whale had a history of successful financial betting, high conviction, and better evidence than most people, so his vote *should* count more. I do believe all those things make markets work better than majority wins. Your pre-election article struck me as the worst of yours I've read; hearing you call the Whale a just a degenerate gambler was a low point. I've also seen you have the same blind spot before (heavily weighting the opinions of people rather than the direct data): when you missed Biden's cognitive decline, while others just watched the video over the years. I get the impression that some political emotionalism may have clouded your judgment recently as well. Another point you didn't make in this article: volume *matters* in market efficiency... and Polymarket had enough volume to be efficient this time. You point out problems with PredictIt, without mentioning that it has low volume limits. Also, hedge funds and big American banks' foreign subsidiaries *did* bet on Polymarket this time, according to Haseeb Qureshi (he is an investor in Polymarket, among other things). That 2022 data needs to be be updated, now that we finally have some volume to make markets efficient. You mention "the personal opinion of one whale," but that *is* part of the "normal operations of the market." People with better judgment, like the Whale, that look at evidence, not theories, that got richer over time in the business of betting, should have more weight in order for markets to be efficient... that's essential to how markets work, part of what makes markets accurate, and I believe markets are superior to intellect. The smart money/whales take money from the stupid money over time, making markets more accurate (another example: the play at a new poker room improves in quality over time as winners take money from losers, as the latter mostly get better or stop playing). People have always had theories (intellect), since before the scientific method; I'm glad that now we have the scientific method and markets, where being wrong has a cost (unlike areas like governance and academia).

REPLY (1)   SHARE   …

Nikita Sokolsky First principles trivia 6 hrs ago

Do we have any details about what those polls were exactly, what their scope was, their methodology, etc? If he asked 1,000 people using a poor methodology and not weighting for the location of the responders, I'm sure he'd get a "Trump solid win!" conclusion but that wouldn't count as useful new information.

If I said "Theo was correct because he consulted an astrologist" that would technically be "new information" but you'd still challenge me. Same thing here - "Theo paid for polls!" alone doesn't update me much without knowing the details OR seeing his track record winning money using such polling.

💬 REPLY (1)   ⬆ SHARE   ⋯

Greg Foley 6 hrs ago · edited 6 hrs ago

It's about the type of polls: neighbor polls versus conventional ones.

An excerpt from the WSJ article, based on their conversations with Théo:

Polls failed to account for the "shy Trump voter effect," Théo said. Either Trump backers were reluctant to tell pollsters that they supported the former president, or they didn't want to participate in polls, Théo wrote. To solve this problem, Théo argued that pollsters should use what are known as neighbor polls that ask respondents which candidates they expect their neighbors to support.... Théo cited a handful of publicly released polls conducted in September using the neighbor method alongside the traditional method. These polls showed Harris's support was several percentage points lower when respondents were asked who their neighbors would vote for, compared with the result that came from directly asking which candidate they supported.... To Théo, this was evidence that pollsters were—once again—underestimating Trump's support.... At the time that Théo made those wagers, bettors on Polymarket were assessing the chances of a Trump popular-vote victory at less than 40%.... In an email, he told the Journal that he had commissioned his own surveys to measure the neighbor effect, using a major pollster whom he declined to name.... Théo declined to share those surveys, saying his agreement with the pollster required him to keep the results private.

💬 REPLY   ⬆ SHARE   ⋯

Notmy Realname 9 hrs ago

If Polymarket and co were so mispriced, how much did you earn by trading against the

mispricing?

REPLY (1)   SHARE

Max 5 hrs ago

Well, many people made money betting on when Kamala's odds shifted from 34% on October 29, to 44% on November 3. Presumably some of them were rationalists, given I saw some rationalists on twitter talking about the mispricing.

That four day shift implies one of the following:

- Polymarket's odds can be mispriced/fluctuating for reasons not related to the market topic (e.g. a whale investing)

- Trump's chances got worse in those four days for some reason.

- Someone learned new information that changed Trump's odds during that time

While perhaps all these contributed, I find the first option most significant, because I don't see the specific facts that would make 2 or 3 more likely to be significant.

If you'd have asked me before the election, I would have said I thought Trump was favored 55-45.

REPLY (1)   SHARE

Notmy Realname 5 hrs ago

As would I have, and as a result I lost money on Kamala making what I thought was a +EV investment just like the rest of the "smart money". However, I think this article is much more about the election day odds than the pricing movement in the preceding week.

REPLY (1)   SHARE

Max 4 hrs ago

My point is the that the pricing movement in the preceding week implies something about how reliable prediction markets are for elections in general.

REPLY   SHARE

Jia Yinglei Jia's Newsletter 9 hrs ago

"But on the specific literal level, Polymarket was mispriced last Monday."

Yes, not being facetious, but on the specific, literal level it should have been 100% Trump. I

defend probabilistic reasoning under uncertainty, but the election has to be interpreted as a deterministic event, and one that could theoretically be accurately determined beforehand.

Some people, for probably a combination of good and bad reasons, mediated by good or bad epistemics, used more accurate proxies and measurements to assess this, while others (including myself) failed to do so, believing incorrectly that it was a "toss-up". Metaculus and poll aggregators just had the wrong combination of proxies and measurements.

I agree we have to be Bayesian about people being right for good or bad reasons, and we may never know if there was anyone genuinely well-calibrated. But it does seem that the "toss-up" people were wrong in some fundamental way that they wouldn't have been for, say, a sports prediction.

D REPLY (2)   ⬆ SHARE   ⋯

Max 4 hrs ago · *edited 1 hr ago*

In some sense, almost everything that happens is deterministic. It's pretty clear that most events we care about are not influenced by actual quantum randomness. With this is mind, predictions that aren't basically certain reflect our ignorance, inability to model the world well, and lack of infinite computing power.

> But it does seem that the "toss-up" people were wrong in some fundamental way

Given the above, everyone is wrong some fundamental way. The only way we can evaluate prediction sources empirically is by measuring calibration (i.e. consistency with themselves) and comparing different prediction sources (e.g. using some proper scoring rule). Even then, it's hard to evaluate a prediction with few other similar predictions, for example one for a presidential race.

So, back to the point, I think Scott is right that while empirics are important in evaluating predictions, we should also value theory heavily in valuing prediction sources. If someone used astrology to predict 13 elections in a row, I wouldn't particularly value that as prediction source, because it has no theoretical backing that would lead me to believe its likely to be right in the future.

Conversely, Nate Silver's method of averaging the results of a bunch of sources asking people who they are voting for, adding uncertainty based on past polling errors, adjusting for bias, etc. etc. seems like a pretty reasonable way to predict an election to me. When people say it makes bad predictions as a method, my question is "in comparison to what". It seems rather pointless to say its bad without recommending an

alternative method, because *calibrated predictions can only be compared in relation to each other*. Though I would probably trust prediction aggregators over Nate alone.

To be more specific about polymarket, the level of volatility doesn't make sense to me based on what happened this election. And, for example, on the eve of the election 538 had "Trump winning popular vote" at 29% and polymarket at only 26% (though polymarket did have higher odds two weeks beforehand). So perhaps prediction markets overreact to news or are overly certain?

I'm not sure if this directly responds to your comment, but these are some thoughts it spurred.

REPLY (1)   SHARE   •••

William Kiely   3 hrs ago

Good comment. To add a thought to your thought about how to evaluate predictors not merely based on their results, but also whether their methodology is using astrology or more like Nate's, I'll mention that top forecasters often say they are a better judge of their peer's forecasting ability than their peer's forecasting track record. I agree with that, and think it's mainly because you can only get so much information from a small sample of a few hundred or few thousand forecasts (track record). Examining how those forecasters make forecasts provides a lot more information, and one skilled forecaster can learn a lot from that about a fellow forecaster's strength as a forecaster.

REPLY   SHARE   •••

William Kiely   3 hrs ago   ·   *edited 3 hrs ago*

"But it does seem that the "toss-up" people were wrong in some fundamental way that they wouldn't have been for, say, a sports prediction."

Yes, and the difference is that there is more "irreducible uncertainty" (Philip Tetlock's term) in a sporting game than in a Presidential election.

"Yes, not being facetious, but on the specific, literal level it should have been 100% Trump."

The world is not necessarily deterministic--there is quantum randomness--but as for whether this would ever cause Harris to win >0% of elections if we re-ran a simulation of the universe a million times starting one week before the election is unclear to me.

I support using a notion of "true probability" that is meaningful in forecasting by never quite being 100% or 0%. This is achieved by adding random noise to the hypothetical simulated re-runs of the universe. We re-run the soccer game or re-run the election, but tweak the universe in some random way at some point in time before the game or before the election. So for example, a week before the election we make someone's car tire get punctured and go flat when it hits a rock on their drive to work, rather than just holding together as happened in reality. Or we cause one of the soccer players to sleep in for 5 minutes later or set their alarm for 5 minutes later than they otherwise would have a week before the game. These tweaks would undoubtedly lead to big changes in the long-term, and meaningfully affect the frequency of wins in the million universe simulation of the election and soccer game.

In this sense we might say that the "true probability" of a team winning a soccer game is

Expand full comment

REPLY   SHARE   ...

John Baometrus   WorldsArise   9 hrs ago

Help an average Joe understand why prediction markets are a good thing.

No participant in a market is passive. Everyone is an actor. If a person bets money on a certain outcome, they will naturally do what they can to influence things in a direction that's favorable to them. They will do this unconsciously if not consciously.

There are significant consequences to mistakenly regarding prediction markets like passive polls. It opens up the public mind to undue influence when a whale bets a certain way. Anyone who understands market dynamics knows about the momentum of sentiment when things start to go a certain way. Yes, there are opportunities for arbitrage, but history tells of how speculation can bubble to a harmful degree.

Market dynamics are one thing when based on some underlying value. But with prediction markets, we're betting on the future. We're betting on mass phenomena. We're often betting on something we are both a part of, and a part of perceiving.

Aren't we just letting Moloch having even more control or influence over us? More power and sway for money to influence and shape mass social behavior?

Are markets the solution for everything?

What might we be running from?

💬 REPLY   ⬆ SHARE   •••

Eric 8 hrs ago

Does Polymarket show the bets people are making? I might assess the prediction differently if I knew that one big bet moved it that much. This seems like a good partial solution at least.

💬 REPLY   ⬆ SHARE   •••

Petey 8 hrs ago

Another point in your favor is the very large post-election move in financial markets, which suggests that those massive markets were very much unsure of a Trump victory.

💬 REPLY (1)   ⬆ SHARE   •••

Melvin 3 hrs ago

I'd only expect the size of the move to be ~20% larger if everyone is updating from 50% confident than if everyone is updating from 60% confident, so I don't think the vague magnitude of the move proves much.

💬 REPLY   ⬆ SHARE   •••

Belobog Belobog 8 hrs ago

I don't really understand this paragraph: "Suppose that Theo had done even better at his banking job, was 10x as rich, and could move Polymarket up to 90%. Now should we say that the "true" probability of Trump's win was 90%? Imagine he spent half his money on a yacht just before the election and only had enough money left to move the markets up to 56%. Now should we say that the "true" probability of Trump's win was 56%? Why should the true probability of Trump's win depend on whether a French guy bought a yacht or not?"

Surely the true probability of Trump winning should have been 100%, since he did in fact win, and the fact that the markets were trading at less than that means there's a lot more accuracy out there to be gained?

💬 REPLY (1)   ⬆ SHARE   •••

William Kiely 4 hrs ago

See my comment that clarifies this. I support a notion of "true probability" that is meaningful by never quite being 100% or 0%, but also reflects the fact that the best subjective forecast we can make on a given question is almost always more uncertainty than the "true probability" given what Philip Tetlock calls "irreducible uncertainty" in the

world.

My comment: https://www.astralcodexten.com/p/congrats-to-polymarket-but-i-still/comment/76061286

💬 REPLY   ⬆ SHARE   …

BeingEarnest 8 hrs ago

Isn't there something like a p-value to say how unlikely the observed election results were in Nate's model? Was it an extreme tail event?

💬 REPLY (1)   ⬆ SHARE   …

Nullsrc 8 hrs ago

I remember Nate writing a model deep dive that listed this outcome (Trump sweeps all 7 swing states) as the modal outcome, out of the 128 possible outcomes for the 7 swing states. Don't remember the exact probability he assigned to this outcome but I think it was around 7-10% of all results. The next most common individual outcome was Harris sweeping all 7 swing states, I think that was around 5%

💬 REPLY (1)   ⬆ SHARE   …

Mallard 5 hrs ago

Yes. In this post: https://x.com/NateSilver538/status/1848060370268938538 he had a Trump sweep at 24.7% and a Harris sweep at 16%.

💬 REPLY (1)   ⬆ SHARE   …

Nullsrc 5 hrs ago

Yeah, that's it. Guess I remembered the probabilities being a lot more uniformly distributed than they were.

💬 REPLY   ⬆ SHARE   …

David Bergan Another Think 8 hrs ago

Hi Scott!

Any thoughts on IBKR's new Forecast Trader?

https://forecasttrader.interactivebrokers.com/eventtrader/#/markets

It allows US residents to buy real-money contracts on US election results.

https://www.interactivebrokers.com/lib/cstools/faq/#/content/685271469

Kind regards,

David

REPLY   ⬆ SHARE   ⋯

Eric Rasmusen Ras-Stack 8 hrs ago

Great post! This would be a very good reading to discuss in a PhD finance class, because it is so good for thinking about market efficiency. I took a 6-student class with Fischer Black at MIT in 1979 based on 30 to 40 questions like "Why do corporations pay dividends?" (and longer ones), and I can see him putting a betting market question and your post on the syllabus. He would stand at a lectern in his 3-piece suit (no other prof wore them, or even suits usually) listening and writing little notes, and then maybe give his opinion.

One part of the discussion would be why you can't do arbitrage between betting markets-- place hedging bets that reduce the risk to zero. Probably the answer is transaction costs plus that if you place bets big enough to make it worthwhile to set up the apparatus, you move the markets too much because they're thin.

REPLY (1)   ⬆ SHARE   ⋯

sclmlw 4 hrs ago

I think transactions costs are probably a big part of the story. The other part is probably slight differences in resolution criteria that make it difficult to price those differences accurately.

REPLY   ⬆ SHARE   ⋯

JSM Calibrations 8 hrs ago

I buy some of this. But I think it's interesting that there wasn't a multimillionaire in Canada, the UK, Japan, etc who decided to take the other side of this bet, given the pricing. Although I'm sure some did the arbitrage trade (I wanted to, but didn't have time to set up my wallets).

But I suppose also from a statistical analysis perspective, it's not crazy to throw out an outlier if that's having a large effect on the variable you're measuring. Since it's clear the biggest whale really did have an outsized effect on price, I think it's reasonable to question if Polymarket was really efficient. Had it been open to US persons, I think we could trust it more.

REPLY   ⬆ SHARE   ⋯

Jason Gross 7 hrs ago

> Second, [real money markets have a long history of giving weird results.] (https://asteriskmag.com/issues/05/prediction-markets-have-an-elections-problem-jeremiah-johnson?utm_source=substack&utm_medium=email)

It seems like part of the problem is that some people bet their identity rather than betting as insurance + arbitrage. Are there any plans to educate people on how to think better about betting? Otherwise lowering the access barrier may not result in better results, if people bet their identity rather than their beliefs.

○ REPLY   ⬆ SHARE   ⋯

Neurology For You Daniel's Substack 7 hrs ago

Nate Silver always states a probability and then people knock him for a specific outcome that he explicitly said was possible, it must drive him nuts.

○ REPLY   ⬆ SHARE   ⋯

BlueSky 7 hrs ago

"Yes, but there were dozens of people who could give equally-plausible arguments for their positions before the election. These were divided half-and-half into intelligent-sounding pro-Kamala arguments and intelligent-sounding pro-Trump arguments"

Nate Silver disagrees:

"To the extent there was anything that resembled actual insight, it was that it was much easier to come up with a list of reasons that Trump would win — inflation, immigration, Joe Biden wanting to be president until he was 86, the illiberal backlash around the world — than to make the same list for Kamala Harris. I tried and could maybe come up with 6 or 7 good points for her, but not 24. So that may have weighed on my "mental model" of the race."

https://www.natesilver.net/p/the-story-of-trumps-win-was-foretold

(His list of 24 reasons for a Trump victory: https://www.natesilver.net/p/24-reasons-that-trump-could-win)

○ REPLY   ⬆ SHARE   ⋯

William Brennan 7 hrs ago

"Suppose that Theo had done even better at his banking job, was 10x as rich, and could move Polymarket up to 90%. Now should we say that the "true" probability of Trump's win was

90%?"

This assumes that Theo would have continued to buy at that high a price. It's possible that he thought probability of Trump win was, say, 70%, in which case he would have bid it up to that but no higher.

💬 REPLY   ⬆ SHARE   •••

Max 6 hrs ago · *edited 6 hrs ago*

> But long after Biden won the last election, PredictIt said there was a 9% chance Trump would be the next President.

This is an understatement. If I recall correctly, the Trump vs Biden election market was at 17% Trump in late Nov/early Dec. 2020, and the add all the "Trump win" results in the "What will be the electoral college margin market" it was at 23%. I know because I played some, uh, Minecraft during that time period.

💬 REPLY   ⬆ SHARE   •••

David Kingsley, PhD Neural NeXus   5 hrs ago

It seems like all these prediction models were fundamentally flawed. Does anyone really think if we simulated Election Day 100 times, Kamala would not have won 40 times?

💬 REPLY (1)   ⬆ SHARE   •••

David Kingsley, PhD Neural NeXus   5 hrs ago

Funny enough, ChatGPT and Claude3.5 both accurately predicted the election outcome with non polling-based tools.

https://open.substack.com/pub/davidkingsley/p/can-ai-forecast-the-presidency-part?r=2hmql2&utm_medium=ios

💬 REPLY   ⬆ SHARE   •••

Cjw 5 hrs ago

One of the best function of prediction markets is that - like any good price signal - it cuts through the motivated reasoning and lies and gives ordinary people access to reality. On election night, even as late as 10pm the TV networks hadn't called states like GA and NC that everyone paying real attention knew were over, because of the percentages on Polymarket. Somebody watching CNN would've had to read tone and body language and have an amount of political knowledge/insight that we may take for granted here but that probably less than

5% of the American people possess. But somebody just checking Polymarket regularly all night knew this thing was all over but the shouting by 10pm.

And it performs that service very well even if it's off by 10%, which is meaningful to bettors but to normies who just want to know "is this thing the news media is yapping to me about something I should take seriously?" doesn't need to be that precise. Just as a consumer in a small town doesn't need to know the price of pork as accurately as a grocer does, but still benefits from having a device in his phone that shows him what the walmart in the next town over is charging. I think this is a great tool for average people to cut through the manipulation aimed at them.

💬 REPLY (1)   ⬆ SHARE   •••

Don P. 1 hr ago

Watching Steve Kornacki on MSNBC you were hearing, dozens of times, about counties in GA and NC, "Harris is not performing at Biden 2020 levels and the remaining vote out is likely tilted R." It was clear by, I think, about 9ET where it was going. There are detailed guidelines for "calling a state" but there was more than body language available. That's the kind of info the Polymarket people were presumably working from.

💬 REPLY   ⬆ SHARE   •••

Long disc 5 hrs ago

<i>we're asking whether to trust the normal operations of the prediction market vs. the personal opinion of one whale</i>

That's an interesting definition of "normal operations of a market". Having large traders is part of the normal operation of any money market. It is also one of the reasons why these markets are relatively efficient. Large traders are (sometimes) better informed because for them there are stronger economic incentives to be better informed. This has certainly played a role here (Theo commissioned his own private polls, if that's not adding information to the market I do not know what is.) So that's what a normal operation of a market looks like.

At to the claimed better accuracy of fake money markets vs. real money markets, I am not sure it is measured correctly. Real money markets binary event prices do not equal implied probabilities for low and high implied probability events, for some pretty simple reasons (interest rates, credit risks, frictions.) So when one takes these prices and discovers that they do not match realised probabilities, a part of mismatch is due to the incorrect price to probability mapping.

REPLY   SHARE   ...

Notmy Realname 5 hrs ago

>Suppose that Theo had done even better at his banking job, was 10x as rich, and could move Polymarket up to 90%

This is very, very wrong. Theo didn't move Polymarket to 90% because he didn't think Trump had a 90% chance of winning; he felt ~60% was a fair price and set limit orders to floor the market, slowly accumulating volume. Prediction markets are not binary, you are not supposed to just decide what you think will happen and go all in. Instead, you invest if you think the probability of something happening is higher than the probability expressed in the market. Theo did set the price, yes, but to the probability he thought was correct at whatever volume would fill it, not to an arbitrary probability based on a 100% certainty of a Trump win * his bankroll.

REPLY   SHARE   ...

Thomas Johnson 5 hrs ago

This massively under-rates Theo. It wasn't just his opinion or "a completely replacement-level example of the intelligent-sounding pro-Trump arguments"

From an interview he gave later:

> As Théo celebrated the returns on Election Night, he disclosed another piece of the analysis behind his successful wager. In an email, he told the Journal that he had commissioned his own surveys to measure the neighbor effect, using a major pollster whom he declined to name. The results, he wrote, "were mind blowing to the favor of Trump!"

He didn't just think the polls were wrong, he literally sought disconfirming information by funding an independent poll using what he believed was a better methodology. Then, he bet on the private information he received from that poll.

I speculate that the ~$40MM was probably not just his money, he probably got some external funding as well. Almost certainly he got the results and his interpretation cross-checked by multiple other experts. Even someone with a few hundred million of net worth doesn't just throw down $40MM on a whim.

This is literally exactly how prediction markets are supposed to work. You have a very informed bettor whose private information is incorporated into the probabilities.

REPLY   SHARE   ...

John 5 hrs ago

Two related observations:

(1) Calibration city says Metaculus is less well-calibrated than other markers and tends to be biased towards 50% https://calibration.city/calibration

(2) On election night, Metaculus was useless since it does not move quickly in response to new information. Manifold, Kalshi, and Polymarket all converged on >90% Trump while TV pundits on my other screen were all talking about "multiple paths to victory" etc etc.

So from a purely popcorn-munching, I-know-the-result-sooner-than-my-friends perspective, you've gotta admit the real money markets are the better option!

REPLY   SHARE   ...

Woolery 5 hrs ago · *edited 5 hrs ago*

Scott, I don't know if you've been reading Rajiv Sethi's Substack, "Imperfect Information," but a lot of what you've been saying lately regarding potential prediction market liabilities has been explored there. The main difference is Sethi's often talking in reference to the relative utility of models vs. prediction markets. From his most recent post:

"Markets have some significant advantages over models—they can take on board novel sources of information, can deal with historically unprecedented situations, and can respond very rapidly to evolving events. But they also have potential shortcomings as forecasting mechanisms. They can come to be dominated by a few large traders whose views may be idiosyncratic, they are subject to overreaction and correction, and when they reference events whose objective likelihood of occurrence depends on subjective assessments of this probability, they create incentives for manipulation."

REPLY   SHARE   ...

Kevin 5 hrs ago

If these markets get big enough, the primary use for many users will be hedging election outcome risk. In fact, I think it would be the main benefit of these markets maturing. For example, investors in solar companies could have bet on Trump to win to protect against stock losses.

REPLY (1)   SHARE   ...

Melvin 3 hrs ago

1. Run for President promising terrible policies that will destroy all businesses

2. Wait for billions of dollars to flow into the prediction markets hedging against your possible win

3. Place a large bet that you won't win

4. Drop out of the race (or flame out spectacularly in a scandal)

5. Profit

REPLY   SHARE

Thomas Johnson 4 hrs ago

I posted one comment about Theo being under-rated, but I think the description of "rich techie with $1M net worth should reasonably bet around $2k" is also incorrect.

If you have extreme confidence in your bet - or even better, if you have some edge - the right move is not to bet $2k or even $166k. The right move is **get more money**.

If you had an amazing but capital-intensive startup idea, you wouldn't say "hey let's see how far I can take this on $2k", you would go talk to a bunch of VCs and raise a few million dollars. Similarly, if you have actual edge in the betting markets and there's sufficient market liquidity, the play is to go and raise external money from investors or set up some kind of capital pooling with other, wealthier people. There are entire industries dedicated to this kind of thing: hedge funds, private equity, proprietary trading firms, etc.

If you have actual, real edge and not "Kamala wins is just like, your opinion, man" then you should be able to raise reasonable amounts of money with a few weeks to months of lead time (depending on your personal network).

If you don't have real edge, then it's totally appropriate to bet $2k money and book it as entertainment rather than investing.

REPLY   SHARE

Steven Postrel 4 hrs ago

Given how well-versed this crowd is on this topic, I hesitate to bring up this old paper, but I think it provides some theoretical arguments about the limitations of prediction markets, even without whales, that are almost never engaged directly in such discussions:

https://www.nber.org/system/files/working_papers/w10359/w10359.pdf

REPLY (1)   SHARE

Steven Postrel 4 hrs ago

Key quote relevant to "whales":

"The concluding Section 4 observes that the information about beliefs contained in equations (1) and (2) is fragile. If budgets are not statistically independent of beliefs, prices in prediction markets are determined by the joint distribution of expectations and budgets rather than by the distribution of expectations alone. If traders are risk averse, price reflects their risk preferences as well as their expectations and budgets.

For these and other reasons, I suggest that direct measurement of expectations may be preferable to inference on expectations from prices in prediction markets."

💬 REPLY   ⬆ SHARE   ⋯

William Kiely 4 hrs ago

I strongly disagree with the claim that Polymarket's price that Trump would win was mispriced in the direction of being too high on e.g. November 4th.

I explained why in a series of comments I wrote on the Facebook post of a friend who shared Scott's post. Copying them here (sorry for not polishing them up, but I think they're quite comprehensible despite being written sloppily):

Scott says several things I disagree with in this post and it would take a full post to adequately explain why I disagree with all of it.

Listing out some issues:

(1) He claims that the markets were "mispriced" without explaining what he means by this.

(2) Later he references the concept of a "'true' probability", which he does not define.

(1b) By "mispriced" does he mean that the market price does not match the "'true' probability"? Or does he mean that the market price does not reflect the most-informed credence that humans can come up with (a different probability)?

(1c) His "mispriced" claim seems to be that the markets should have been priced closer to Metaculus's ~50% than their actual ~60% Trump price. (1b continued) Whether he thinks this because he thinks Metaculus was accurately forecasting the "'true' probability" or because he thinks Metaculus' forecast was the best forecast one could make given the information available to the world before the election is unclear.

(1d) In either case, I claim that Scott is wrong to claim that the markets ought to have been

Expand full comment

💬 REPLY (1)   ⬆ SHARE   ⋯

John Wittle John Wittle · 3 hrs ago · *edited 3 hrs ago*

strong agree

I'm reminded of that scene in hpmor

If you want to criticize your opponents' reasoning for being incorrect, at least wait for them to actually be factually mistaken

It feels very strange for him to be complaining about a probability estimate that was directionally correct compared to the one scott proposes

If lottery tickets are actually negative sum, then you will get lots of opportunities to criticize people who buy them and then lose money

It feels like Scott is currently in the position of somebody who has been pro-lottery his entire life, and then suddenly posted his very first criticism of the lottery the day after winning the jackpot

Maybe he's even correct, but seriously?

💬 REPLY (1)   ⬆ SHARE   ⋯

William Kiely 2 hrs ago

Well actually I'd push back on this. I think there is a true thing that Scott could have said in his post that is not far from what he actually said.

If we consider a different question where there is more irreducible uncertainty in the than there is for a Presidential Election, such as a soccer game or the role of a die (see this comment-reply of mine above to someone else: https://www.astralcodexten.com/p/congrats-to-polymarket-but-i-still/comment/76065426), such that learning the result that actually happened only causes us to update our estimate of the "true probability" that the event was going to happen to, say, 60%, rather than >90%, then I could see a post very similar to Scott's post being reasonable.

Suppose that Polymarket put the result of the soccer game at 70% that Team A wins, and Metaculus puts it at 55%. Then Team A wins. Scott could then write a post saying "Hey people, just because Team A won doesn't mean that Polymarket's

70% was better than Metaculus' 55% forecast. I still think Polymarket's 70% was price too high and that Metaculus' forecast was better."

This is related to what Tetlock calls the "wrong side of maybe" fallacy. (Hey, I've been thinking about this for 8+ years: https://imgur.com/gallery/wrong-side-of-maybe-fallacy-uG3rgGU). Just because a forecast was on the wrong-side-of-maybe doesn't mean it was wrong or bad. It's evidence that it was bad, but not decisive evidence, and there are cases where it is not actually bad.

More generally it's also true that just because a forecast is less-close-to-the-result-that-actually-happened doesn't decisively mean that it's worse than a forecast that was closer to what actually happened. Again, it's generally *evidence* that it's worse, but that's not definitively the case, and there are exceptions. E.g. People widely regard the Dilbert guy Scott Adams as being overconfident when he stated 99% Trump in 2016.

If Polymarket had been at 99% Trump for a week before the election, yet the result had turned out exactly as it had (same number of votes everywhere, Nate and Metaculus thinking ~50%, etc), then saying that Polymarket had Trump winning priced too highly would be reasonable.

💬 REPLY   ⬆️ SHARE   ⋯

Stephen Pimentel 4 hrs ago

Here's a question I haven't seen much discussion of:

Should the 2024 election results make one update, to however small a degree, on whether the 2020 election was honest and accurate? Not merely the fact that Trump won, but more micro-data, like numbers of registered voters participating in particular districts, etc. Is there now new reason to hold that some of the 2020 results look less credible?

💬 REPLY (1)   ⬆️ SHARE   ⋯

Melvin 3 hrs ago

Looking at county by county data
https://www.nytimes.com/interactive/2024/11/05/us/elections/results-president.html
what strikes me is the uniformity of the shift. If there was an election-turning level fraud in 2020 then we'd probably expect to see the swing being particularly concentrated in particular states and counties, but as far as I can figure out we don't.

This doesn't disprove all 2020 fraud but it places limits on it.

REPLY   SHARE

qbolec   3 hrs ago

I like Yudkowsky's idea of not critiquing people's behavior on the occasion they turned out to be right. How about following Theo's wallet for a bit longer to wait until his method fails?

REPLY   SHARE

Tim Howard   3 hrs ago

'I have never heard of a hedge fund betting on a prediction market....' Well, I can tell you from personal experience that SIG was very involved in one of the busiest markets. Maybe update your priors on that one. :)

REPLY   SHARE

David Friedman   David Friedman's Substack   3 hrs ago

Your argument assumes that all we learned on election day was that Trump won. What we actually learned was that he won by a substantial margin, took all the battleground states, lost NY state by 12% instead of 20%, took Texas with an even larger margin than he lost NY by. That's additional information that you are ignoring.

If Silver was right, the probability of Trump winning was about .5 but the probability of his winning by this much was considerably less than that. If Polymarket was right, his winning by this much was not surprising, since it is in a world where his expected margin is significantly more than zero that the probability it will be negative is only .4.

REPLY (1)   SHARE

Mallard   2 hrs ago

Even per Silver, the Trump margin wasn't actually that unexpected. See: https://x.com/NateSilver538/status/1848060370268938538.

REPLY (1)   SHARE

David Friedman   David Friedman's Substack   1 hr ago

A fair point, but I don't think that is true of other forecasters and I don't see how you can deduce it from the non-money markets. How much Scott underestimated the change in estimated reliability from this event is a much more complicated problem than I am prepared to deal with. My point was that he left out an important part of

the information. I think Silver's odds on a popular majority were about 25%, for what that is worth — I don't know what the Polymarket odds were.

💬 REPLY (1)   ⬆ SHARE   ⋯

Mallard 32 mins ago

You can see Polymarket on the popular vote win here: https://polymarket.com/event/presidential-election-popular-vote-winner-2024?tid=1731020014331.

It shows Trump at 24% on October 1, 34% on October 21, 36% on November 1, 27% on the afternoon of November 5, over 99% by the early morning of November 6.

💬 REPLY   ⬆ SHARE   ⋯

Bloot 3 hrs ago

I correctly called this election with a much simpler methodology: I just read whatever the smart libtards were predicting and adjusted their takes by how biased I think they are. Scott, pretty smart, so I'll read his stuff, but since he has a slight liberal bias I'll give him a liberal mind virus score of 4/10. Nate Silver, also smart, but his liberal mind virus score reaches 5/10. etc. This gave me a result pretty close to reality.

The difficult part, of course, was giving the LMV score to each pundit. I went with ordering them around from least to most libtard and just going +1 +1 +1.

💬 REPLY   ⬆ SHARE   ⋯

Tim Howard 3 hrs ago

'All the other real-money markets rose close to Polymarket's level because of arbitrage'

1) This is not how the arbitrage works, in fact you have it backwards here. Because PolyM was the biggest market, arbitrageurs would be *selling* Trump there heavily and buying Trump elsewhere, spread out among the other markets. They would be pushing Trump odds down below 60%. Not raising the others as high! Whether the fair price 'should' have been 57% is partially unknowable.

2) The WSJ article wrote that French Whale had put in $30m into Trump wins POTUS, but even raise that to $60m. The handle on PolyM was over $3.6 *Billion*. The Whale was a Minnow in the grand scheme of things.

3) You fundamentally misunderstand the nature of +EV and Kelly betting, it does not matter that this opportunity was a 'one-off' event [which it's not, there's always elections and other betting] you should have bet Half-Kelly [to account for less than perfect info] and not a random amount 97% smaller, if you were interested in maximizing your +EV.

The 'this is only happening once, so I can't bet what I should' is a well-known fallacy. Each horse race on each track every day is a unique event, if you have a 10% edge on GreyMareCryptoHODL but bet far less than you should because she is only racing at Aqueduct, one time, ever, versus these 9 other horses than you are doing it totally and completely wrong.

An easy example to show this is a coin flip where the true odds of Heads are 99.999% and Tails is 0.001%. I offer you the choice to bet up to $1m on heads, but only once. If you're only going to bet $5k or $10k, you fundamentally misunderstand the nature of +ev gambling, odds, and risk of ruin.

⬦ REPLY   ⬆ SHARE   •••

le raz 3 hrs ago

Are you making an invalid counterfactual?

You state that "If Theo hadn't bet on Polymarket, it would still have been at ~54%." How are you calculating this price?

I assume you are not factoring in that others buy into the market based on the price. That is if he had not bet, then the prices would have been different and others may have invested.

⬦ REPLY   ⬆ SHARE   •••

c1ue 3 hrs ago

Meh.

$5M bet by a billionaires is pocket change.

The amount of bet is not meaningful unless the money bet is literally life changing.

Equally, comparing Metaculus to Nate Silver is comparing different tribe's voodoo witch doctors.

What is spectacularly clear in this election is that the anti-Trump biases in particular, and anti-conservative biases in general, in many of the polls are spectacular.

For example: Trump won the popular vote by 2%. Ipsos, Morning Consult, Forbes and Marist -

the top "left" polls, predicted a Harris popular vote win between 2% to 4%. These incompetent morons' own fine print say the margin of error is 3% - so every single one of them was wrong and well outside their own margin of error.

These idiots' polls swung the overall averages to +0.1% Harris as of the evening before election day.

Is it any wonder the prediction markets were screwed? They were relying on accuracy from these incompetent outfits.

This gets worse if you drill down. In the pre-election ACX publication - I noted that no candidate has won only 1 or 2 of the 3 Rust Belt swing states since 1988. I take zero credit for this - it was Rich Baris of People's Pundit who pointed this out.

Yet from November 3 to the end of November 5 - Michigan and Wisconsin had Harris favored

Expand full comment

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Billy 3 hrs ago

Something I think consistently gets left out when looking at the efficacy of prediction markets is market manipulation. It could be beneficial for someone to make a huge bet for no rational reason at all, but simply because it benefits them to move the markets.

For example, someone with a lot of money who wants Trump to win might make a large bet just to move the markets, to make things look hopeless in a way that affects turnout.

Or, someone might engage in a classic "pump and dump" scheme. Invest heavily in one candidate (for no reason at all) to get it to look like that person is surely winning, let other traders jump on the bandwagon, and then sell before the results are in.

"Efficient market hypothesis" folks tend to accidentally assume that markets are infinitely deep, and that's just not the case. Even real markets are not immune to this. Large Wall Street funds might have incentive to push markets around occasionally, even large markets like the S&P! If you can afford to push the price a bit to influence some exotic options contract you're in, and the cost to push the market is less than the profit you're going to make, why not?

It's enough of a problem that there are rules around market manipulation, and those rules get broken all the time.

It feels like rationalists think there is some infinitely deep pocket out there, that has perfect information, and is ready and willing to correct any mistake the market is making. That's simply not the case.

There must be two sides to every trade. Either insider trading is rampant, in which case you need a lot of fools betting against the insiders, or insider trading is rare or impossible, in which case you just have a bunch of people trying their best at guessing an unknown outcome.

💬 REPLY   ⬆ SHARE   ⋯

Melvin 2 hrs ago

Have we discussed the bias created by one's own desires yet?

Scott wanted Harris to win, and he thinks the process which gave Harris higher odds was more accurate. I wanted Trump to win, and I think the process which gave Trump higher odds was more accurate.

The urge to believe the set of numbers that tells you the story you want to believe is strong. I don't know how to correct for it.

💬 REPLY   ⬆ SHARE   ⋯

skybrian Skybrian's Blog   41 mins ago   · *edited 41 mins ago*

I largely agree for similar reasons, but I would go further: I'm skeptical that either probability is all that useful a signal for an event that only happens once, unless the odds get pretty extreme. Suppose we have two scenarios:

* It will rain on wedding day

* It will be sunny on wedding day

Whether it's a 50-50 chance or 60-40 chance, you have to plan for both. It's not until it gets to 90-10 or higher that maybe you can think about not planning much for the unlikely scenario, if it doesn't matter much if you're wrong. And the more severe the consequences, the more you have to consider rare scenarios. A 10% chance of death is pretty darned high. Better write your will.

In situations that are similar to an roughly-even election, numeric odds are not much more useful than saying "it could go either way" for planning. (This doesn't apply for gambling or other situations where you can make repeated bets.)

Perhaps I'm biased by working as a programmer. We write code to handle rare events without

doing any formal probability calculations. What would be the point? Even if you estimated the odds correctly, such estimates are fragile.

REPLY   SHARE   ...