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Key Takeaways, Analysis & Review

Phillip E. Tetlock & Dan

Superforecasting

Please Note

This is key takeaways, analysis & review

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Overview

Superforecasting: The Art and Science of Prediction is a nonfiction book about the accuracy of forecasting. It recounts the efforts of Philip E. Tetlock, a professor of psychology and marketing at the Wharton School of Business of the University of Pennsylvania, to create accurate measurements of the accuracy of forecasting, and to study the people and conditions that create the most accurate forecasts.

In 2005, Tetlock published a landmark study about forecasting, titled *Expert Political Judgment: How Good Is It? How Can We Know?* The study gathered academics, political pundits, journalists, intelligence analysts, and other experts, and asked them to make predictions about world events, the economy, and other topics. When Tetlock measured these predictions for accuracy, they were found to be no more accurate than haphazard guessing. Tetlock came to the conclusion that the reason forecasts are so unreliable is that forecasters are not held accountable for their mistakes. Viewers trust pundits on TV because pundits confidently tell a cohesive story about the future, not because their predictions are correct.

Tetlock set out to determine how forecasts can be made more accurately. In 2011, he launched the Good Judgment Project (GJP). The GJP is part of a larger initiative into forecasting by the Intelligence Advanced Research Projects Activity (IARPA), a government body tasked with improving intelligence research. The GJP invited thousands of people from numerous fields to make and revise predictions. Some of these volunteers were such good forecasters that researchers began calling them “superforecasters.” By studying these people, Tetlock identifies the traits, skills, and conditions that create accurate forecasts.

Important People

Philip E. Tetlock: Tetlock is the author of the book, which is an informal report on his experiment on forecasting, pitting non-experts against professional analysts.

Bill Flack: Flack is one of the superforecasters in the GJP. He is 55 years old and retired, and used to work for the US Department of Agriculture.

Thomas Friedman: Friedman is a *New York Times* columnist and author. He is an example of a high-profile pundit whose forecasts are not particularly accurate.

Doug Lorch: Lorch is a retired computer programmer and GJP superforecaster who lives in Santa Barbara. He revises his forecasts often, making 1,000 separate forecasts on politics and the economy in the span of one year.

Daniel Kahneman: Kahneman is a psychologist and the author of *Thinking, Fast and Slow* (2013). Kahneman's work on heuristics distinguishes between System 1 (snap judgments) and System 2 thinking (more careful analysis).

Sanford "Sandy" Sillman: Sillman is a superforecaster. While he speaks several languages and has an elite education, he owes the accuracy of his forecasts to his thought process and problem-solving methodology.

Mary Simpson: Simpson is a banker who turned to forecasting after the financial crisis, in order to get better at predictions. She is used as an example of someone with a "growth mindset."

Nassim Nicholas Taleb: Taleb is an essayist and statistician, and the author of *The Black Swan: The Impact of the Highly Improbable*, a book that popularized the concept of "black swan" events that change history and are completely unpredictable.

Key Takeaways

1. Professional forecasters do not usually make accurate predictions, and their forecasts are not evaluated in any meaningful way. As with doctors, forecasters' predictions must be measured and judged for accuracy in order for the field of prediction science to advance.
2. Mental processing can be divided into two systems: System 1, or automatic cognition, and System 2, critical thinking. When people rely on System 1, they do not usually make accurate forecasts.
3. Teams of forecasters tend work better than individuals.
4. The GJP utilizes the wisdom of crowds to outperform the accuracy of professional forecasts.
5. The GJP was a success. Superforecasters were found by one measure to be 30 percent better than field experts, and many got better over time instead of regressing to the mean.
6. Superforecasters have well above average intelligence but fall short of genius level, and are not necessarily subject experts. Instead, they have highly effective thought processes.
7. Superforecasters are skilled with with numbers, but they do not rely on complicated mathematical models to arrive at accurate forecasts.
8. Superforecasters update their forecasts more frequently than other forecasters.
9. Superforecasters have a growth mindset, and are always trying to learn and get better at the things they do. They try, fail, analyze, and adjust their predictions in order to improve.
10. The traits that make good leaders seem to be in conflict with the traits that create good forecasting.
11. Critics have dismissed the importance of the type of forecasting conducted by the GJP. One major criticism is that human events can be fundamentally altered by earth-shattering events that no one can predict.

Analysis

Key Takeaway 1

Professional forecasters do not usually make accurate predictions, and their forecasts are not evaluated in any meaningful way. As with doctors, forecasters' predictions must be measured and judged for accuracy in order for the field of prediction science to advance.

Analysis

Most claims made by professional forecasters, such as pundits, are partisan. Often, they are couched in vague language, so they cannot be objectively quantified in the future. Conventional forecasting is thus similar to nineteenth-century medicine, where experts would proclaim untested cures without actually having tested a hypothesis or putting it through the scientific method.

Unlike many of the natural sciences, medicine did not truly enter a period of rigorous scientific measurement until very recently. In his book *The Youngest Science: Notes of a Medicine-Watcher* (1983), physician Lewis Thomas describes this shift. Like other doctors in the early twentieth century, Thomas's father had a very simple practice. The elder Dr. Thomas worked from home or made house calls, and earned very little money. And like many physicians at the time, he prescribed a lot of morphine. He did this not because morphine was medically necessary for his patients, but because it kept them calm and occupied. But by the time the younger Thomas was at Harvard Medical School in the 1930s, this and similar practices were not regarded as responsible, professional practice. The profession had progressed to a more scientific methodology that his father, the country doctor, would scarcely have recognized as the work of a physician. [1].

Today, the medical profession, like other sciences, progresses through the