

Math, Productivity, Happiness & Decision-making

Organizer(s): Andrew Critch and Nisan Stiennon

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Wednesdays, 5:10–6:00pm, 740 Evans

Feb 22 **Nisan Stiennon**, Stanford (math)

Confidence Calibration: make probabilities work for you

Most people are *overconfident* – i.e., wrong much more often than they expect to be – whereas others are *underconfident*. What can we do about that? Our goal is to train ourselves, through habit and exercises, to have a more accurate internal measure of confidence — to be *well calibrated* — so that on average we can make more accurate decisions. How? What we're willing to count on, and how much, can be represented by *subjective probabilities*: being 90% sure it will rain means you would rather bet on rain than on an 85% biased coin, and you'd rather bet on a 95% biased coin than on rain. Then, being well-calibrated means that among situations where you feel 90% sure, you turn out to be right roughly 90% of the time — not 99% (underconfident), and not 60% (overconfident), but 90% of the time. With sufficient calibration of this sort, probability-based heuristics become more applicable to everyday life.

This week (and every second week) we'll go out for dinner after the seminar.