

Answers to reading check #12

1. What are “fish” and why do they matter?

**The worst poker players at the table. Turns out, they’re the ones that make the whole ecosystem work for the other players, since all the players who are winning are effectively making their winnings from the fish. If the fish depart – as they did in the 2006 Poker Bubble Crash – most of the winnings evaporate for the better players and the game implodes.**

2. Who was Chris Moneymaker? Check one.

✓ An amateur gambler who had a great streak and briefly became world-famous in the world of poker.

3. You start out a game of Texas Hold 'Em with a pair of 8's. You know that the chances of any player being dealt a pair of 9's or higher to start the game is only about 3%. Now you bet \$25 at your first opportunity. Everyone else folds, except for the player sitting opposite you. Probabilistically speaking, what should you now think about her hand and the outcome of the game? Check one.

✓ Her chances of having a pair of 9's or higher is greater than 3%.

4. What is “tilting” and why does it matter?

**Tilting is when you get frustrated by (say) an unlucky hand or hands, and your emotional state starts to make you make bad decisions and ultimately play worse. You become a less capable forecaster.**

5. What's the main lesson of the Pareto Principle of Prediction?

**Getting a few basic things right takes you a long way towards better predictions. There's diminishing returns once you start adding more and more intricacy to your predictions. However, in a competitive environment, it may well be that there's enough people who have invested enough effort that you'll get killed by comparison if you only do a few things right. So the context in which your predictions are occurring matters a lot.**