



Polls and predictions

The statistics of voting are now topical, so the time is ripe to comment on the remarks journalists have been making. Shortly after the UK election exit poll, a former Lib Dem MP, Ming Campbell, commented to this effect: "One thing is certain, Theresa May will not get the huge landslide result she sought."

The presenter replied: "If the exit poll is right," in not so many words.

The presenter could not conceivably have understood what they were saying on national television. I am not sure where the goal posts were. But we can say May's objective was to have a massive majority over all other parties. Say her target was 400 seats. In order for May to achieve her goal, despite the exit poll, predicting 314 seats, we'd have had to have the most unlikely saga. The exit poll would have to be wrong to the tune of 86 seats.

We all know from experience that exit polls can be materially wrong. This happened especially in the 1992 General Election when Conservatives won despite an exit poll predicting a Labour victory. It is not clear why exit polls can be significantly wrong. Presumably it was caused by some Conservative voters not admitting they voted Conservative when interviewed by the opinion poll companies. Even so, exit polls are not wrong to the extent of 86 Conservative seats. A pedant might say the former Lib Dem MP should have said: "Unless the Exit Poll is wildly wrong we can say with certainty that May will not achieve the kind of majority she sought by calling the General Election."

Actuaries should educate the media about statistical inferences. This is just one example of the sort of misuse of statistics journalists have been making.

ANTHONY PEPPER

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Diversity and fellows

I saw with interest that no females were nominated for honorary fellow this year. The IFoA now has 119 honorary fellows dating back to 1977, of which 10 (8%) are female.

Honorary fellows are eminent individuals in business, academia and government. A cursory look at the profiles of any of the 119 will highlight their undeniable talent. That said, I find it difficult to believe that there are so few women who could not comfortably fulfil the requirements. It seems we have fallen in to the trap of reverting to a particular type when considering names for this prestigious honour. Further, a good number of nominees are simply actuaries from other non-UK actuarial bodies. While these are undoubtedly outstanding individuals, surely the spirit of the honorary fellowship is not just to rein in all the best actuaries from other societies?

The profession is richer through its interaction with individuals who share expertise in the huge range of topics that impact the work of an actuary, but who approach the topic through a different lens. In this way we can create mutual support, powerful collaborations and new and even disruptive thinking; diversity of thought, if you will. Gender is just one aspect of this.

I have committed to work with the Diversity Advisory Group to identify and nominate female and other diverse individuals for future nominations. I am pleased to say there is general agreement within the profession that more can be done – the Diversity Steering Group and the Policy and Public Affairs Committee have also committed to identify more diverse individuals in future years.

As the process relies on members to put forward nominations, this is not something that can be resolved by committees. As is often the case with the imbalances that exist in society, we all need to play a part. I hope many more will make an effort to embrace the breadth and depth of talent to achieve a more diverse nominations list next year.

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Erratic expectations

I was interested to learn from Alex Waite's July article (bit.ly/AnimalSpiritsAW) there is an Economic Modelling Group aiming at improving forecasting of economic outcomes. I wish this the best of luck, but would not be surprised if the results prove inconclusive.

There is a major problem with the theory underlying financial and economic modelling, in that conventional thinking is based on linear behaviour, normal distributions, and rational expectations, leading to orderly outcomes. As pointed out over 50 years ago by the late Benoit Mandelbrot, economic and market outcomes tend much more to reflect non-linear behaviour, fat-tailed distributions and erratic expectations. It may therefore be necessary to go back to the most basic principles in search of a sounder basis for modelling.

The risk is that this could merely lead to a conclusion that the uncertainties are greater than most previously understood or appreciated, but that there is insufficient stable ground on which to base erection of better alternatives. Still, it may be worth a try.

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