Market Scoring Rules and Cost Functions II

Reading Questions 5

Monday, Sept. 24th 2012

1 Reading Comprehension

1. In your own words, what is this paper attempting to accomplish? Why is this an important problem?

2. How does this paper handle infinite outcome spaces?

3. Why is path independence a good property? (or isn’t it?)

4. Does this set of properties seem reasonable? Is one less “natural than the others?” Would you add one?

5. Can any convex function be used to construct a cost function satisfying these properties? If not, what can, and how is it used?

6. What does it mean that prices of zero or one can only be reached “in the limit” with the LMSR? (p. 10)