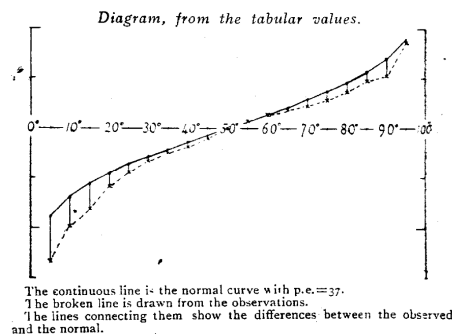
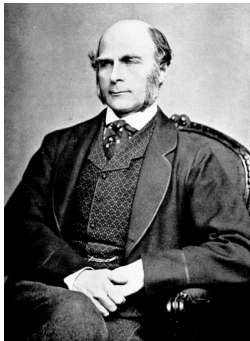


Informing Decision Making II: Prediction Markets

Ruben R. Puentedura, Ph.D.



Galton and the Weighing of the Ox



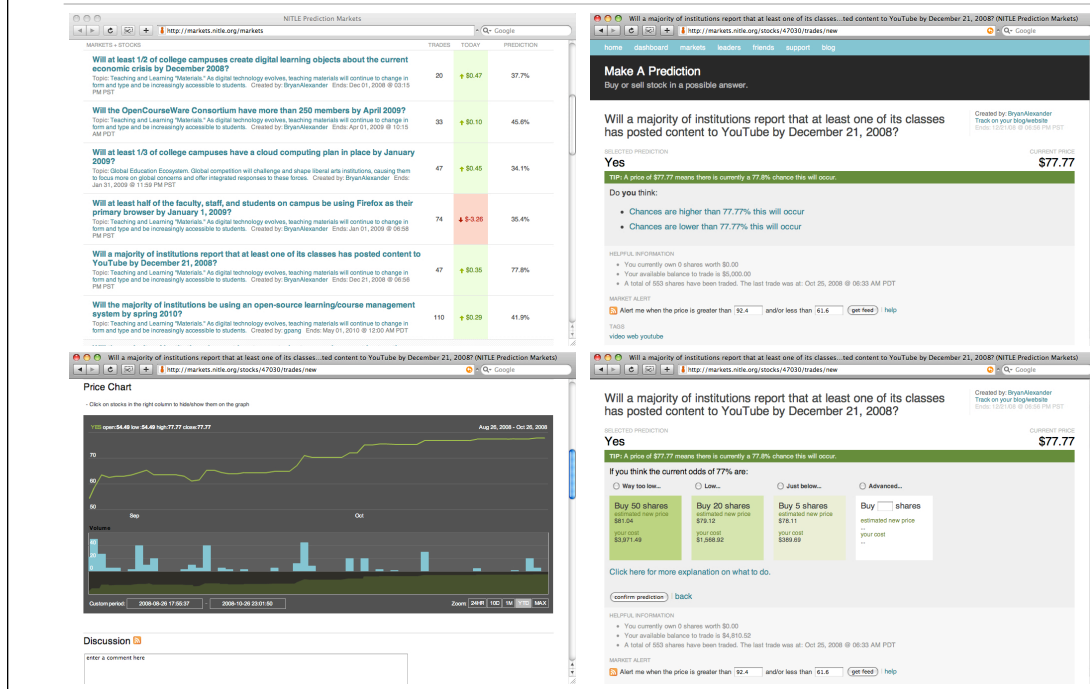
Fee to Enter: sixpenny
800 Tickets Issued (787 Analyzed)
Actual Weight: 1198 lb.
Median: 1208 lb.



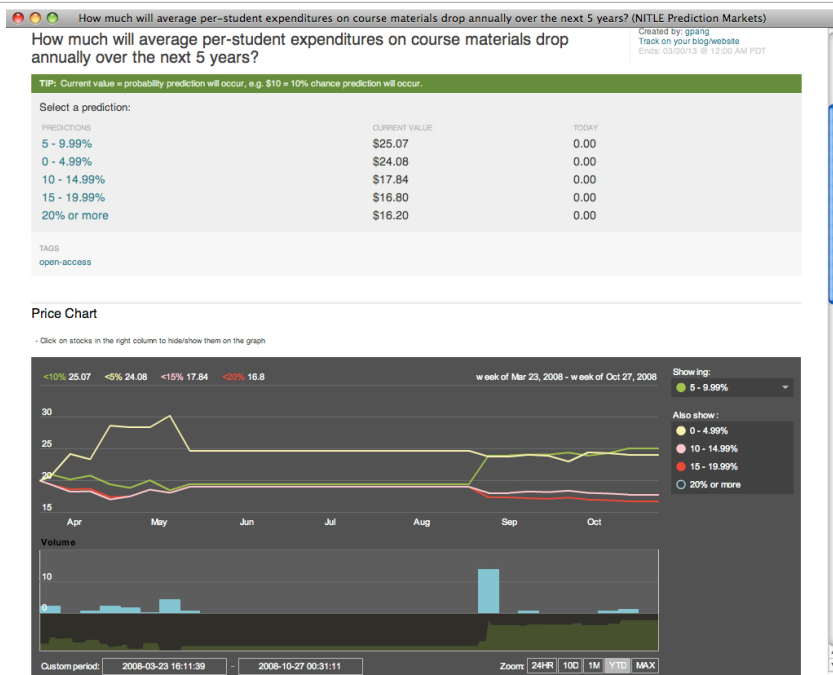
Improving Upon Ox Weighing

- Have participants start out with a limited amount of “cash” that can only be increased by making good market choices.
- Allow participants to self-assess relevant knowledge and act upon it by buying multiple “shares” in their preferred reply.
- Have share prices increase or decrease according to the number of shares bought or sold.
- Allow participants to “sell short” shares with replies that they think are incorrect, but limit the amount of money they can lose this way.
- Congratulations, you now have a prediction market!

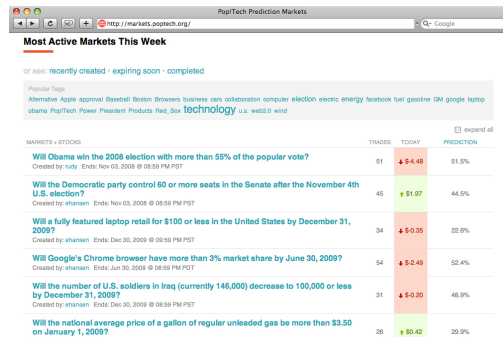
Example 1: NITLE Prediction Markets



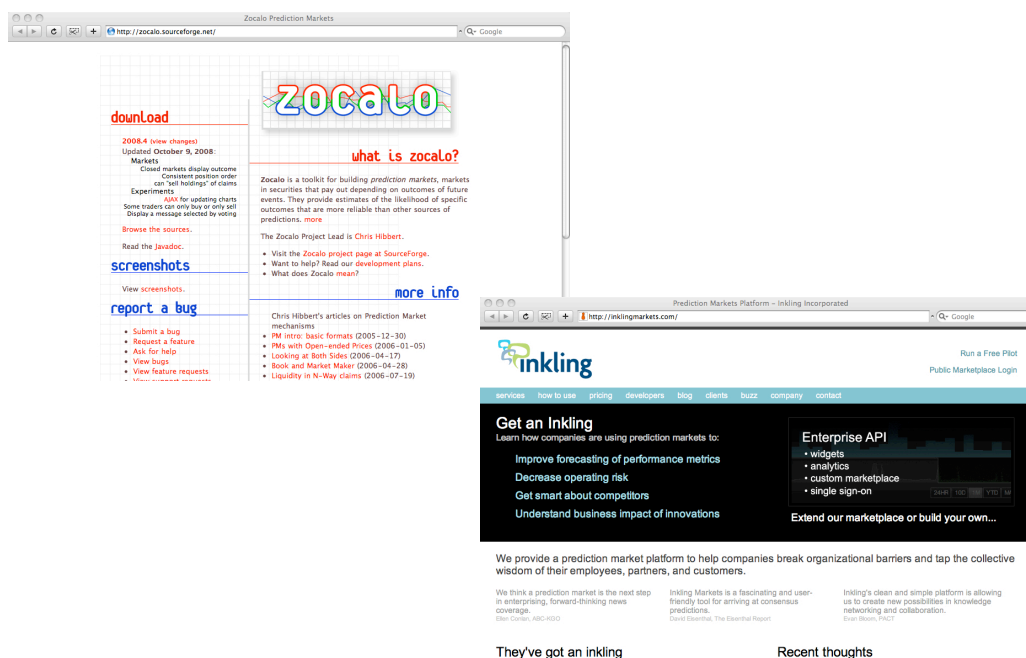
Example 1: NITLE Prediction Markets (cont.)



Example 2: Pop!Tech Prediction Marketplace



Software for Prediction Markets



Bibliography

- **Information Markets:**

- Robert W. Hahn and Paul C. Tetlock (Eds.) *Information Markets: A New Way of Making Decisions*. Available online at:

<http://www.reg-markets.org/publications/abstract.php?pid=1058>

- **Prediction Market Examples:**

- *NITLE Prediction Markets*. Online at:
<http://markets.nitle.org/>
- *Pop!Tech Prediction Marketplace*. Online at:
<http://markets.poptech.org/>

- **Prediction Market Software**

- *Zocalo* (Open Source). Online at:
<http://zocalo.sourceforge.net/>
- *Inkling* (Commercial). Online at:
<http://inklingmarkets.com/>

Hippasus



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