Informing Decision Making II: Prediction Markets

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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 2: Pop!Tech Prediction Marketplace

Software for Prediction Markets
Bibliography

- **Information Markets:**

- **Prediction Market Examples:**

- **Prediction Market Software**

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