THE PROMISE OF CLIMATE PREDICTION MARKETS

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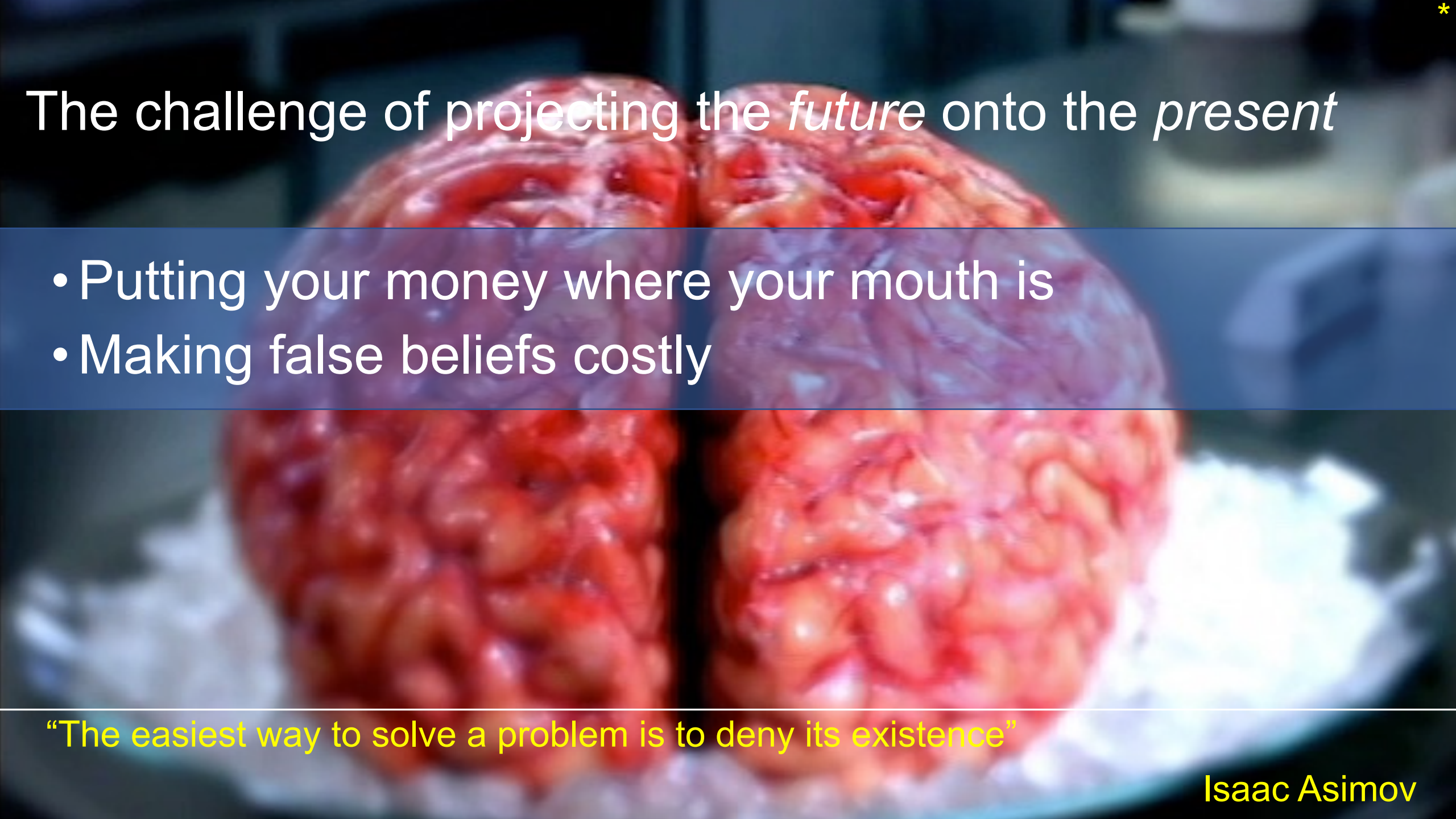
MORAN CERF

Moran Cerf, Sandra Matz, Malcolm MacIver, "Participating in a climate prediction market increases concern about global warming", *Nature Climate Change*, 2023



The challenge of projecting the *future* onto the *present*

- Putting your money where your mouth is
- Making false beliefs costly

"The easiest way to solve a problem is to deny its existence"

Isaac Asimov

Prediction Markets

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“Will there be sandwiches for lunch?”

1. Bet (typically, binary)
2. Source
3. Settle date

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4. Trading

Climate Prediction Markets

- Discussed in recent works in the context of:
  - risk assessment, energy consumption, etc.)
  - Polling opinions
  - Predicting outcomes
  - Sourcing financial resources

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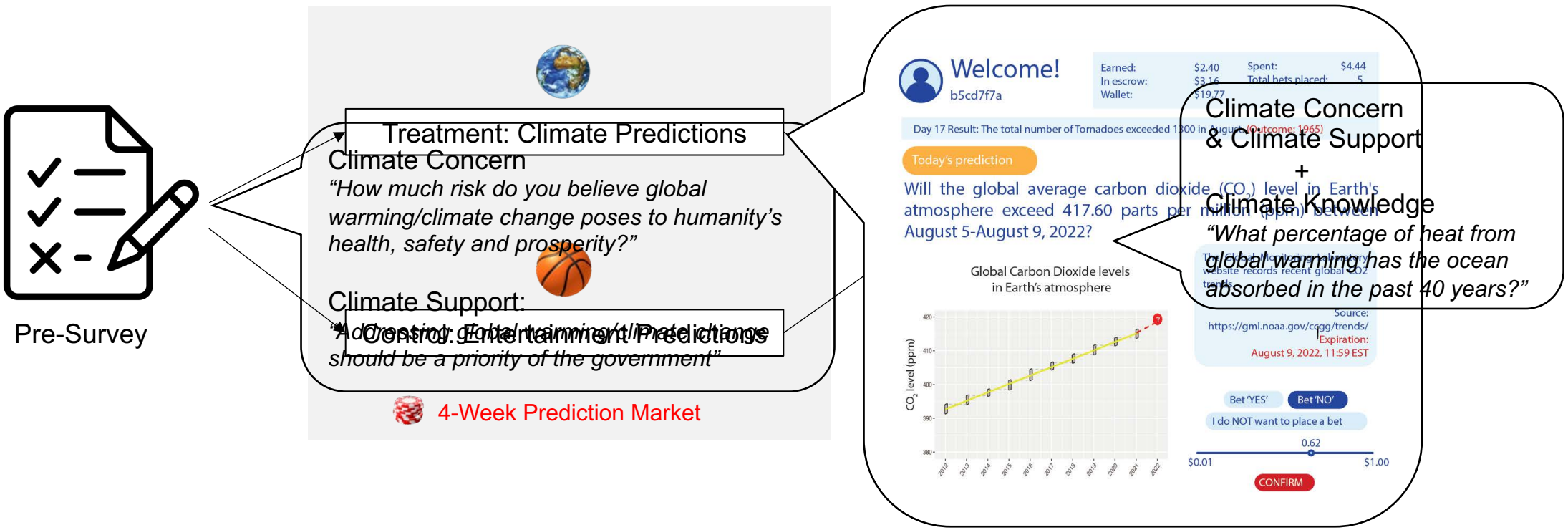
  - **Change opinions, beliefs, knowledge**

Does participating in a climate prediction market increase concern, support, and knowledge?

Large online experiment with 664 participants (across the entire political spectrum)



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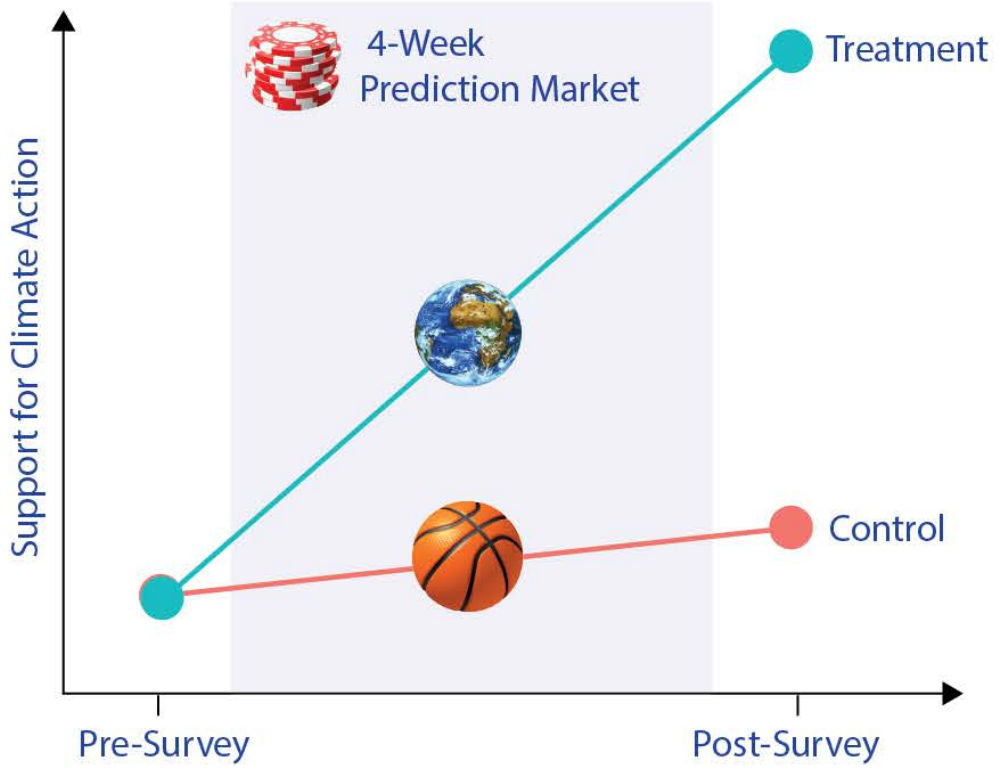


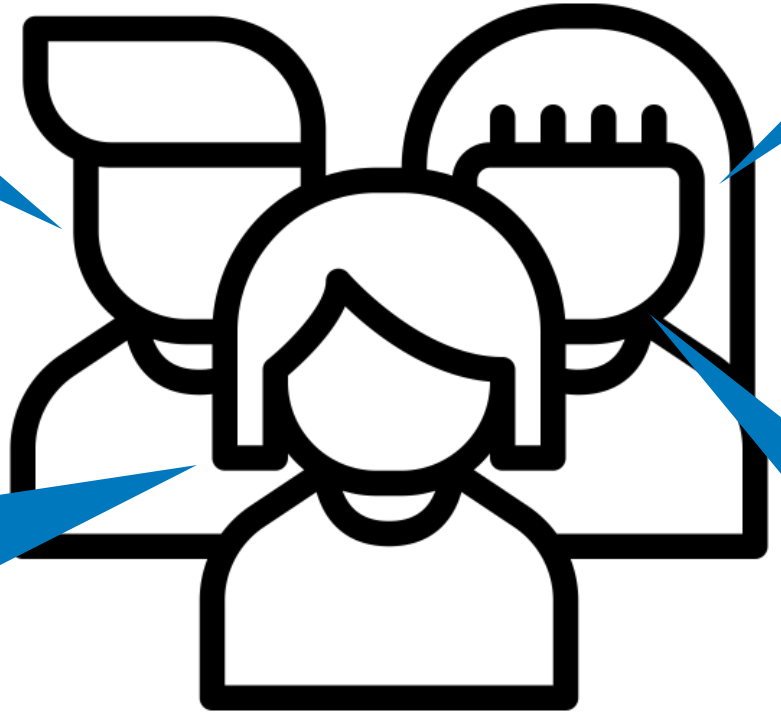
*Same Treatment Effects for: Climate Concern and Knowledge

- ✓ The effects are small
- ✓ Same effects across the entire political spectrum

What did you learn?

"There are a lot more wildfires in California than I expected"

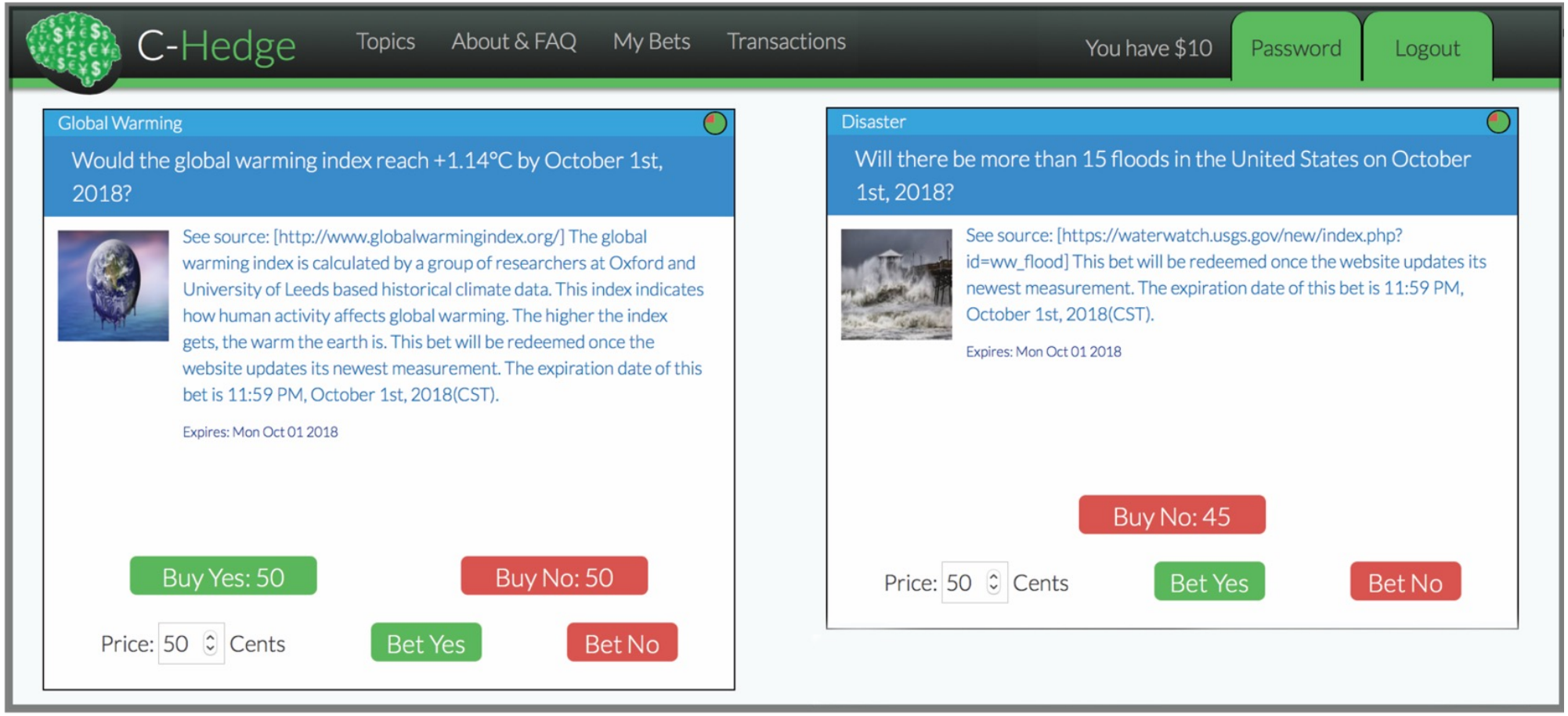
"Global warming is real"



"I learned how many disasters are going on right now. I feel that maybe I learned to take climate change a little more seriously than I have in the past."

"I learned that there are a lot of data sources on the web that track things I didn't even think of like fires/floods/CO2 emissions, etc. I didn't even really know where to look for such things, but now I do."

Turning this into a real prediction market…



Final thoughts

- It is hard to do
- Any time window works (sadly…)
- Works across entire political spectrum
- It offers people a way to reflect their view anonymously
- It can be used for polling, risk assessment, policy
- It can become a tool for “Win-Win”
- *It can become a real financial instrument*

THANK YOU