

Thursday, March 23rd, 2023
14:00 – 15:00
IRISK RESEARCH SEMINAR



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY



RESEARCH
SEMINAR

‘FOLLOW THE MONEY, NOT THE MAJORITY: INCENTIVIZING AND AGGREGATING EXPERT OPINIONS WITH BAYESIAN MARKETS’

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ABSTRACT

For some questions, such as what the best policy to address a problem is, it is uncertain if the answer will ever be known. Asking experts yields two practical problems: how can their truth-telling be incentivized if the correct answer is unknowable? And if experts disagree, who should be trusted? This paper solves both problems simultaneously. Experts decide whether to endorse a statement and trade an asset whose value depends on the endorsement rate. The respective payoffs of buyers and sellers indicate whom to trust. We demonstrate theoretically and illustrate empirically that “following the money” outperforms selecting the majority opinion.