

From: Andrew Karas
Organization(s): Individual

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Comment Text:

I am a individual who is in full support of elections markets coming to the Kalshi exchange for me to hedge on. Political control over Congress has enormous economic ramifications. Policy passed by the legislature and signed by the President sets tax rates, the solvency of entitlement programs, and the level of spending on vital physical and social infrastructure. All these elements set the context in which businesses and consumers navigate the world, at both a macroeconomic valence (eg preventing recessions, ensuring price stability, driving productive innovation) and a microeconomic valence (eg regulating competition, encouraging the production of intellectual property, and incentivizing saving). Our country functions because the government functions--they are inextricably linked. I'd emphasize how crucial the government's role in preventing climate change will be, and how much that will require shifts in the real economy. I would use Kalshi's contracts to hedge my risks. A hedging market allows individuals to counterbalance financial risks encountered as public policies shift, by offsetting the damage of ineffectual policy as well as offsetting the costs of inaction. For example, Congress must act to reduce the pace of global warming, and if it doesn't, then the environment will degrade. As someone who lives on a low-lying island susceptible to hurricanes (New York City) and vacations along an inland lake subject to increasingly volatile precipitation cycles (Lake Michigan), I need to manage the exposure of my property to inundation and loss of value. Hedging a bet directly on control of Congress is a way to proactively address an input of climate change, which cannot otherwise be addressed through the property insurance market, which pays out claims only retroactively. Additionally, while not before the CFTC right now, please understand that other elections also pose risk to me. For example, all the issues mentioned above are also influenced by Presidential elections and the series of primary elections leading up to party nominations, by judicial appointments, by the passing of specific laws, by state-level elections like those for governor and state legislature, and in my case especially city elections. Thank you for listening and I hope my comments help you to make an informed decision.