

Comment Text:

I support the Kalshi application as having accurate prediction markets for political events and elections are a Public Good.

We currently have polling and prediction models for political events. These provide a factual basis for making predictions as to which candidate(s) will win and what percent of the vote they will get.

Without these, we would be left to the unchecked / often unscientific opinions of pundits who are often paid more for their entertainment value than for their expertise and who often are more interested in promoting their own partisan bias than identifying the truth.

Unfortunately, most recently, there has been an increase in people challenging polls without a scientific reason to do so and questioning whether polling is useful at all.

Polling and models are imperfect. But they are the best method that we have so far. Adding prediction markets to this mix will help improve the science behind predicting elections.

Prediction markets

-Encourage people to make their own models. For instance, in 2016 I made a model for the Dem presidential primary of Clinton vs Sanders. After numerous iterations this model had a smaller average error than the 538 model and I made \$4500 on PredictIt trading with it.

-Allow for immediate reactions to political events. A poll can take several days or more to react to an event.

-Allow people to judge polls. Not all polls are equal.

-Allow people to identify causes that go beyond polling (ex. What is the impact of a pandemic or recession or inflation on the future of the Democrats/Republicans?)

While prediction markets will attract people who want to gamble, these people play an essential role in financing the "sharps" who are making models and consistently making accurate predictions and beating the market. People like myself.

Gambling is systemic in the economy - whether it is trading options, cryptocurrency, lottery tickets, sports, or something else. "Gambling" on politics is a lot more publicly useful than sports, as it will encourage citizens to educate themselves about political issues which is essential to the US being an effective democracy.

Finally, the unfortunate truth is that if the CFTC does not allow and regulate the trading of electoral markets -- these markets will be created off-shore, often using cryptocurrency. These under-regulated or unregulated markets will poise a risk to their users (hacks and scams), as well as potentially causing AML-KYC issues.