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**Conference
Announcement**

Markets and Decisions: A workshop on the uses of markets for decision support

Arlington Virginia, June 11 and 12, 2002

Sponsored by the Defense Advance Research Projects Agency

Recent research shows how markets can be used to aggregate information and support decisions in novel ways. Recognizing this potential, the Defense Advanced Research Projects Agency (DARPA) is sponsoring a workshop June 11 and 12, 2002 in Arlington, Virginia to bring together interested parties. Such parties include researchers in the fields of market dynamics and decision aids, and decision makers interested in harnessing the power of markets as decision support systems.

The power of markets for decision support arises from the extremely efficient information aggregation ability of markets. For example, prices in oil futures markets efficiently summarize a great deal of information about factors affecting future oil prices. This information is valuable to decision makers sensitive to future oil prices. Recently, research has focused on designing markets *specifically* to aggregate information about events for use in forecasting and decision support. This research has examined markets designed to predict such things as election outcomes, movie box office receipts, corporate sales, new product success, and treaty dispositions. Similar "prediction" markets could be designed to make decision relevant forecasts in a variety of new domains. Other research in market design has focused on the efficient use of markets as allocation mechanisms for complex and interrelated resources such as oil leases, the broadcast spectrum, payloads on space craft, etc.

This workshop will focus on the ability of markets to address military and security issues. Could a market be used to better deploy forces and resources in the field? Can markets provide better predictions of the likely success of a new research and development effort? Could a market be designed to predict how much more of the broadcast spectrum will be diverted from military to commercial use? Can a market be employed to predict and provide advance warning of terrorist activities?

The workshop will explore numerous issues regarding market design and implementation for intelligence, metrics regarding credibility, trader selection, trader incentives, security issues, legal constraints, and potential remedies. It will also acquaint potential users with the novel uses, benefits, methods, and limitations of markets as decision aids.