

Why You Should Bet Against Your Candidate

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The New York Times:

When your favorite sports team is defeated, you're disappointed, even dismayed. The same is true when your preferred political candidate doesn't win. It hurts when your side loses.

Fortunately, you can insure yourself against such unhappiness: just place a bet for your side to lose. This strategy, which has become easy to do with the rise of online prediction markets, creates a consolation prize — say, \$1,000 (or whatever it takes) — to reduce your pain in the event of a defeat.

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But in practice, as my colleagues Richard P. Larrick and Simone Tang and I demonstrate in a paper forthcoming in the journal *Management Science*, voters and fans turn out to be reluctant to accept emotional hedges.

Why? The reason, we found, isn't a superstitious worry that such a bet will jinx the outcome. Nor is it that people are confident that their side will win. Rather, it seems people are reluctant to hedge because it feels disloyal.

A week before the 2000 United States presidential election, for instance, we asked more than 100 business school students at the University of Chicago to make a bet on the outcome. The bets were calibrated on a case-by-case basis to account for each student's belief about who would win. If, for example, a student thought Al Gore had a 75 percent chance of winning and George W. Bush had a 25 percent chance of winning, she was offered one of two options: receive \$10 if Gore won; or receive \$30 if Bush won.

Read the whole story: [*The New York Times*](#)