CHAPTER 29

THE LONG HISTORY OF POLITICAL BETTING MARKETS: AN INTERNATIONAL PERSPECTIVE

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Election betting markets have been growing in popularity. These markets are chiefly an Internet phenomenon, leveraging the ability of a large number of participants to quickly and cheaply place wagers on the outcome of upcoming elections. The first such market, the Iowa Political Stock Market, was founded in 1988 and involved a few hundred traders playing for modest stakes. More recent incarnations, most prominently Intrade and Betfair, have thousands of traders making millions of dollars in wagers. There is strong evidence that prices in these markets provide accurate forecasts of election outcomes.[1]

The prominence of Internet election markets often obscures the long history of such markets. While it is often claimed that election markets are a recent phenomenon, we have previously documented that wagering on presidential elections has occurred in the United States for over a century.[2] In this chapter we demonstrate that such markets are even older and that betting on elections has occurred for hundreds of years in many Western countries. The twentieth century is distinguished less by the creation of betting markets than by their absence in the middle of the century.

This chapter discusses the historical evolution of the legality and microstructure of political betting markets in several countries. The structure, operation, and public prominence of these markets reflect the prevailing culture and electoral institutions. Betting focused on the most important political outcomes of the time: the choice of government officials in Italian city-states during the sixteenth and seventeenth centuries, papal selection in sixteenth-century Italy, the timing and winning party of parliamentary elections in eighteenth- and nineteenth-century Britain, the outcomes of local and national elections in nineteenth-century Canada, and presidential and congressional winners in the nineteenth- and early-twentieth-century United States. There were also markets on other political events, such as the outcome of no-confidence votes, the tenure of leaders and their successors, or the outcome of foreign/military ventures.[3]

While there were important differences across countries, several similarities emerge. First, pivotal elections energized these markets. Not only would important contests lead to greater betting activity (such as the 1916 U.S. election or the 1948 Italian race), they could even lead the markets to reemerge from extended dormancies (as with the 1964 contest in Britain). Alternatively, there was far less betting in periods of political apathy or one-party rule (such as in the 1930s and 1940s when the Fianna Fáil party dominated the government of the Irish Free State and the Republic of Ireland). Second, while newspapers were often uncomfortable reporting on domestic markets, they were less averse to printing stories on political markets abroad. This likely reflects the moral uncertainty surrounding election betting. Third, there was a general parallel between Britain and the United States in terms of a rapidly changing but generally unfavorable legal environment, and in both countries public election betting virtually disappeared around the start of World War II. The conclusion draws additional parallels and suggests how further research can build on the histories presented here.

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It is important to note a potential limitation. Largely due to language issues our analysis is centered on Anglophone countries. (It might also be useful to point out that our analysis is restricted also to countries that have real elections (i.e., unlike the sham elections in communist/totalitarian countries). This might not be significant problem since political betting markets require at a minimum some form of popular vote and typically an independent media source to report the resulting prices. In the pre-twentieth-century period we focus on, these conditions were primarily found in the English-speaking world. Still we return to this issue in the conclusion.

1 Early Markets: Italian City States and the Vatican

In Italy there were historical markets on both civic elections and the papacy. Betting was common in the Italian city-states in the early modern period, 1500–1700.[4] In addition to voting, selection to public office often included intentional randomization, for example, drawing lots to name the nominators or candidates. In Venice and Genoa gambling on the outcome of such contests was popular. D. R. Bellhouse has suggested that the Genoese lottery, one of the first modern numbers games, originated with betting on the drawing of lots—pulling balls associated with specific candidates from an urn.[5] Political betting continued into Italy's recent history, including, at times, as part of its national lotto (established in 1863). As an example, in the pivotal 1948 election the state-run lottery experimented with a betting pool on the composition of parliament.

Gamblers have also long wagered on the selection to offices in the Catholic Church. Quotes of betting odds on papal succession appear as early as 1503, when such wagering was already considered "an old practice."[6] During the troubled papal conclave of 1549 the Venetian ambassador Matteo Dandolo observed that the Roman "merchants are very well informed about the state of the poll, and... the cardinals' attendants in Conclave go partners with them in wagers, which thus causes many tens of thousands of crowns to change hands."[7] Odds were offered not only on which candidate among the "papabile" would win but also on when the conclave would end. About two months into this long and conflict-filled process, the market odds were 10 to 1 (implying a probability of approximately 9%) that this conclave would never elect a pope. Aversion to such activities eventually led Pope Gregory XIV, in March 1591, to ban on pain of excommunication all betting on the outcome of papal elections, the length of the papal reign, or the creation of cardinals.

Gregory XIV's threat pushed wagering over papal succession underground, but at times it resurfaced. As a 1878 *New York Times* article noted, "The deaths and advents of the Popes has always given rise to an excessive amount of gambling in the lottery, and today the people of Italy are in a state of excitement that is indescribable. Figures are picked out which have some relation with the life or death of Pius IX. Every day large sums are paid for tickets in the lottery about to be drawn."[8] Betting over the successor to Leo XIII in 1903 and to Benedict XV in 1922 attracted considerable press attention.[9] With the recent rise of Internet betting markets, betting on the new pope could again occur in public on a large scale.

2 Election Betting in Britain

2.1 Eighteenth and Nineteenth Centuries

Political betting also has a long history in Great Britain. As one prominent example, Charles James Fox, the late-eighteenth-century Whig statesman, was known as an inveterate gambler. His biographer, George Otto Trevelyan, noted that "(f)or ten years, from 1771 onwards, Charles Fox betted frequently, largely, and judiciously, on the social and political occurrences of the time."[10] His wagers recorded in the betting book of the Brooks' Club included whether the Tea Act would be repealed, how long Lord North's minister would last, or on other events related to the coming of the American Revolution. Newspapers in the 1760s, 1770s, and 1780s are filled with brief notes about public betting in London over events in the life of John Wilkes, the fate of the Stamp Act, and the other political outcomes.[11] Wagering took place at gentleman's clubs—such as Almack's, Boodle's, Brooks', and White's—and in the colleges of leading Universities—such as All Souls and Magdalen Colleges at Oxford and Gonville and Caius College at Cambridge—as well as in less elite public coffeehouses—including Lloyds. Such activity was considered in keeping with national tradition: "As far back as the reign of William the Third, foreigners had observed that, on matters great and small, the only sure test of English opinions was the state of the odds."[12] A common phrase was "Bet or be silent."[13]

Wagering was generally legal under British common law so long as it did not to lead to immortality or impolity.[14] Bets about the outcome of events in war, over the death of political leaders, over court cases, or between voters over election results were illegal on these grounds.[15] In the Victorian and Edwardian periods the British government increasingly attempted to limit gambling, especially among the working classes. The Gaming Act of 1845 made gambling contracts and debts unenforceable in court (but otherwise liberalized what amounts could be wagered); the Betting Houses Act of 1853 outlawed the operation of betting establishments other than private clubs; the Betting Houses Act of 1874 cracked down of the advertisement of wagering; and the Street Betting Act of 1906 made acceptance of wagers in streets and public places illegal.[16] Despite legal uncertainty in the late nineteenth and early twentieth centuries, the Fleet Street press reported on election wagering at the London Stock Exchange and at Lloyd's in markets for parliamentary "majorities."[17]

2.2 Early Twentieth Century

Election betting grew in popularity with the adoption of spread betting. In this system bets are based not simply on the winner of the election but the size of the margin (spread betting is common in political, sports, and financial markets in twenty-first-century England).

Laura Beers provides a fascinating account of the evolution of the parliamentary "majorities" market in the British Stock Exchange between 1910 and 1940 (a small spread market also existed in 1906).[18] The market differed from the American examples (see below) because wagers were placed not chiefly on which party would win but on the size of their parliamentary majority. That is, the buyer and seller agreed on a threshold (or "seat price") for the number of seats won and an amount to be paid for each seat difference between this threshold and the actual majority. For example, if the threshold is 15, the actual majority is 20, and the amount per seat is £5, then seller pays the buyer (20–15)*£5 = £25. The focus on "majorities" reflected the standard vocabulary of British political analysis.[19] No cash was initially fronted, and the "debts of honor" were settled after election day. Newspapers would report the buying and selling prices—the gap was commonly 10 seats—but not the names of the participants. Lloyd's of London also offered insurance on the election outcome.[20]

Table 29.1 summarizes the election markets and the actual outcomes between 1910 and 1935. The first market to gain substantial attention off the trading floor occurred in the run-up to the December 1910 election. Price quotes appeared in the financial press on nearly a daily basis. The starting and ending values of the prices were very close to the actual outcome, though there was substantial divergence in the middle of the contest.[21] There is little information about the operation of "market for majorities"

Table 29.1 Spread Bets on pre-WW2 British Parliamentary Elections

	Dec.1910	1922	1923	1924	1929	1931	1935
A. Final Prices							
Conservative				272			
Liberal				97			
Labor		100		182.5	245		
Coalition Majority	130						
Conservative Majority			34				
(Nat. Gov't) Majority						204	169
B. Election Outcomes							
Conservative	271	344	258	412	290	473	386
(Nat. Gov't)						(556)	(430)
Liberal	272	62	158	40	59	33	21
Labor	42	142	191	151	287	53	154
Other	85	65	8	12	9	59	55
Actual Majority	122		−99			503	243

Prices: listed values are mid-points in the bid-ask spread; values correspond to seat totals except in rows where majority is indicated

Election Outcome: Actual Majority corresponds to the party or coalition for which there was a Majority price listed in the top of the table

for the elections of December 1918 and November 1922,[22] but the market on the December 1923 election was apparently the largest to date, with over £100,000 changing hands. (This is the equivalent of $6.1 million in 2010 purchasing power as measured by consumer prices.)[23] The market price indicated that the Conservatives would hold a small majority. But the vote yielded a hung parliament with the Conservatives winning more seats than any other single party but effectively a minority relative to the whole. This outcome resulted in large losses for bettors taking the Conservative side and considerable squabbling over the nature of the betting contract. Specifically, some who bought the Tory side of a Conservative majority bet argued that their liability was limited when the majority reached zero. But they were made to cover the entire deficit. Over the next two elections brokers shifted to bet on the number of party seats won and not on the size of majorities.[24] Since bettors continue to be able to set the size of their per-seat wager, seat totals are also a version of spread bets.

The political situation remained unstable, and a new election was called for October 1924. Labour, which was in power, was initially expected to expand its majority. But the campaign featuring "Red Scare" tactics by the right-wing press led to the shift against Labour—a decline in support far beyond what the market anticipated—and a Conservative landslide. The next contest did not occur until May 1929. And for the first time the popular press covered the election market intensively. Both the *Daily Express* and the *Daily Mail* regularly published stock market spreads. The betting market generally favored the Conservatives, though price fluctuated significantly. One source of uncertainty was the extension of suffrage to women under the age of 30. In the popular voting the Conservatives narrowly outpolled Labour; the Liberals finished in a strong third position. However, Labour won the most seats in the hung Parliament, and its leader, Ramsay McDonald, emerged as prime minister.[25]

Labour's victory was again short-lived, as splits within the ruling coalition over responses to the Great Depression led to the call for a new election for October 27, 1931. (Recall that Britain left the gold standard in late September 1931.) The fragmentation of the Labour and Liberal parties and the creation of the National Government coalition with the Conservative party at its core led to the reemergence of a market in majorities. The market highly favored the prospects of National Government, but it did not go far enough, as Labour shed over 200 seats. The rise in the price for the National Government majority was said to help revive British financial markets. As examples, in late October 1931 the financial section of the *Daily Express* carried such headlines as "Markets More Confident on Majorities Rise" and "Foreign Money Comes Back as Majorities Rise."[26] The election betting market was very active, with "Over a Million (Pounds Sterling) Won and Lost in the City" in 1931 (this is equivalent to $72.9 million in 2010 dollars). "Nothing like it has been known before."[27]

The market's shortcoming in the 1931 race created significant problems. Because the market significantly underestimated the number of seats that the National Government would win,[28] the losses to those who bet against them were great. One prominent broker, W. A. Bignell, refused to honor his bet with another, Gower W. Elias. This led to a lawsuit, wherein Justice McCardle voided the contract under the Gaming Act of 1845.[29] In response to growing concerns that the now highly visible majorities market tainted it as a gambling institution, the Stock Exchange formally cracked down on election betting.[30]

Betting activity on the next election (November 1935) centered on the large London bookmakers, such as Ladbrokes and Seaham, rather than on the Stock Exchange. The prices on majorities continued to appear in the daily press but off the front page. Again the market favored the National Government but by too little. This did not totally end such betting in the city. There were still reports of action on the "black bourse,"[31] and in the autumn of 1940, during the battle for Britain, London brokers among others ran organized betting sweepstakes regarding how many German planes would be shot down each night. The winnings were used to fund the construction of Spitfire fighters.[32]

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As table 29.1 indicates, spread betting was quite accurate in forecasting early elections but became increasingly less accurate. Beers suggests this has to do with a new set of factors shaping the vote outcome. While the 1910 contest largely involved only the Conservatives and Liberals, in the 1920s and 1930s the Fourth and Fifth Reform Acts substantially expanded suffrage, the Labour Party rose to prominence, and the Liberal Party began to splinter. The wealthy, male London-based investors who bet on the Stock Exchange lost touch with an electorate comprised of women and working-class voters.

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In 1929 the *Daily Express* mused that "London has never been famous for knowing much about British politics, and the Stock Exchange has been rather notorious for knowing even less than the rest of London."[33] While absolute accuracy declined, this seemed largely due to increasingly difficult political contests in which to forecast. It is important to note that the markets still outperformed the other available forecasts from pundits, big bettors, and straw polls (scientific polls did not yet exist, making the market forecasts that much more impressive). As Beers writes, the Stock Exchange predictions "appear to be no worse, and usually slightly better, indicators" than forecasts based on polling or expert opinion. Spread bets also must forecast a more challenging outcome than traditional binary wagers: while the seat totals were faulty, the markets still managed to correctly predict the winning party or coalition in all but one election. In Beers's words, "predicting electoral outcomes in three-party first-past-the-post political systems is a notoriously tricky business."[34]

2.3 Postwar Twentieth Century: Decline and Rise

In the immediate post–World War II period public election betting in Britain appears to have slowed to a trickle. Newspapers offer only a handful of quotes regarding the 1945 and 1950 contests.[35] And in 1950 the *Economist* observed: "It is curious that in a nation devoted to gambling as the British, so little opportunity should nowadays be taken of a general election, the most sporting of all events."[36] This situation changed with time.

The modern era of open, large-scale political betting in Britain began in October 1963.[37] Following Harold Macmillan's surprise resignation as prime minister after the Profumo affair, the gambling house Ladbroke's overcame the "long-standing reluctance to make book on political events" by taking bets on his successor as leader of the Conservative party.[38] Prior to 1963 Ladbroke's had handled the political betting demands of its more gentlemanly clientele in a private election book.[39] In 1964 William Hill, the country's largest bookmaker, also "quickly reversed its earlier policy not to handle election betting."[40] By the end of that year, political betting totaled an estimated £1,000,000 (the equivalent of about $23 million in 2010 dollars.) About nine-tenths of this sum was placed on British contests, including the Wilson–Heath general election, and about one-tenth was placed on the 1964 American presidential race. Political markets represented less than 2 percent of national gambling turnover.

Several features of the modern political markets' microstructure were notable: the stakes were anonymously wagered; much of the activities focused on party odds rather than the "majorities" common in the Stock Exchange period;[41] house profit rates initially averaged about 7 percent (taking in £107 for every £100 it paid out);[42] and professional bookmakers set the fixed lines rather than accept bets in the form of pools. This last feature mattered at times when, for example, Mr. Hill set a line too favorable to a candidate he supported.[43] Odds makers such as Ron Pollard of Ladbrokes became celebrities, providing color analysis on election night television news.[44] In 1965 London bookmakers began offering odds on the German election contests. And in early 1966, with new general elections in Britain, they handled over £2,100,000 (about $44.5 million in 2010 dollars). This was purportedly the largest total ever taken on a single event.[45] British markets also opened on American elections, a good 30 years prior to the return of a legal election market in the United States. It was estimated that $100 million exchanged hands ($1,540 million in 2010 dollars) following the 1972 presidential election.[46] Despite complaints about the immorality of such wagering, the British betting public never looked back.[47]

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3 Election Betting in Former British Possessions and Colonies

Similar bouts of political betting occurred in many of the British offshoots with parliamentary forms of government throughout the late nineteenth and early twentieth centuries. In countries including Australia, New Zealand, Canada, Singapore, South Africa, and the Republic of Ireland, local bookmakers and members of the stock exchanges periodically wagered over the outcome of no confidence votes, the timing of the elections, and the composition of the new majority. In the remainder of the section the betting markets in several of these countries are discussed in more detail.[48]

Ireland has had political betting markets as long as the United Kingdom. In the eighteenth century these were primarily person-to-person bets and formal markets did not exist. Prior to the Union of Great Britain and Ireland in 1801, the wagers tended to focus on political events outside of Ireland, such as the odds on the American Revolution ending, whether peace would be declared in the Anglo-Dutch War, or the election of the king of Poland.[49] There also were several bets reported on elections for the British Parliament.[50] Similar person-to-person wagers continued in the 30 years following the Union, with one addition that there were also bets on acts of Parliament related to Ireland.[51] There are no reports of betting markets starting in 1830 and continuing for the next one hundred years. It is unclear whether this is due to an absence of such bets or a censoring of newspaper articles due to the conservative mores of the Victorian era. One exception is that there was some coverage of Canadian elections in the 1890s and 1910s and of U.S. election markets in the late 1890s and early 1900s.[52] There were also nonmonetary wagers at this time, though apparently not at the scale or intensity of those in the United States, which are discussed later.[53] Betting seems to have returned during the 1920s and 1930s, with both bookmaker and person-to-person wagers on Irish elections as well as coverage of U.K. parliamentary elections in which insurance companies played a role in setting odds and offering policies.[54] Following the creation of the State of Ireland in 1937, there was some mention of election betting for both the ceremonial president as well as Parliament.[55] Political bets continued to grow in prominence with one Member of Parliament even serving as a bookmaker.[56] Wagers on both domestic and international elections were definitely present at the time of their revival in the United Kingdom in the 1960s.[57] The markets have continued to grow, up to the present day.

Election betting in Australia has existed at least since the 1940s (there were also occasional mentions of informal person-to-person betting dating back to before after the establishment of the Commonwealth of Australia in 1901).[58] The greatest activity appeared to be in such major cities as Canberra, Melbourne, and Sydney, where bookmakers as well as sporting clubs posted odds on both state and federal elections.[59] Such betting was reduced, as was newspaper coverage of them, since election wagers were illegal, with fines set by the Federal Electoral Act.[60] Despite this law, newspaper articles listed bet amounts and broad descriptions of individual bettors (including an unnamed senior cabinet minister).[61] While most bets involved modest stakes, some bettors in the 1949 federal election had stakes of £4,000 or $151,000 in 2010 dollars (The 1949 election marked the departure of the Labor Party, which would not return to office for more than 20 years). Election betting odds from other countries also were reported as a means of handicapping their races. There were reports on U.S. presidential betting odds starting in the late 1890s and continuing through the 1940s and also on U.K. parliamentary betting odds during the late 1940s and early 1950s.[62] This reporting on international odds was common in other commonwealth countries as the discussion below shows.

Election betting was also prevalent in New Zealand during the late nineteenth and early twentieth centuries. The island's newspapers did not publish the local betting odds—this was apparently illegal—but rather ran frequent admonitions against betting.[63] Freak bets, nonmonetary wagers, were common and considered harmless. There was a celebrated case involving a former New Zealand premier and future chief justice, Robert Stout, where his enemies accused him of corruption for using an agent to buy votes through election bets. That is, the agent agreed to bet with a voter who received the stake if the principal won the race.[64] The newspapers also reported about election betting in the United States (with odds), the United Kingdom (circa 1910, including bets over when the next election would be called), and Ireland in the 1930s.[65]

Several English-language newspapers in colonial Africa and Asia carried articles about election odds, chiefly recapping U.S. presidential races based on wire stories from Reuters and United Press International.[66] Singapore presents one of the more interesting cases. Under the period of colonial rule, the English-speaking expatriates used the betting markets to keep track of political events in the Western world. For example, throughout the 1900–1940 period the Singapore *Strait Times* reported odds from Western markets on papal elections, "majorities," the calling of elections in the British Parliament, the first elections in the Republic of Ireland, presidential and state elections in the United States, elections in Canada, and the Saar plebiscite.[67] Newspaper stories continued to be published on the subdued U.K. betting markets during the 1950s.[68] Following decolonization (Singapore became self-governing in 1959 and declared independence in 1963), local political betting markets arose that focused on both Singapore and Malaysian elections.[69] The members of the expatriate Chinese community participated actively in these markets. As was the case in other

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countries, there remained some social distaste for gambling on politics. Politicians warned that election bets in Malaysia just following independence could "pervert the electoral process and dishonestly influence the results of democratic elections."[70] Such complaints continued through the 1970s.[71]

In Canada there were many reports of betting over results in both national and local elections during the late nineteenth century. For example, the *Toronto World* had several reports on betting markets covering the 1882 and 1887 parliamentary elections, the 1886 West Quebec provincial election, and the 1885 and 1887 Toronto mayoral elections.[72] There was additional coverage of gambling on many of the parliamentary elections through 1930, with a half a million U.S. dollars bet at Montreal's markets in 1911 alone ($12 million in 2010 dollars). In addition, there were occasionally active markets on local elections.[73] While many of the bets were one-shot affairs involving prominent individuals, there were more traditional markets associated with the stock exchanges in Toronto and Montreal.[74] The *Toronto Star* provided extensive coverage of election betting in the United States, reporting New York City odds right before election day to bring its readers up to date.[75]

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4 Election Betting in the United States

In this section we trace the development of American betting markets in the nineteenth through twentieth centuries. A more formal analysis of the forecasting accuracy and financial efficiency of postbellum markets is described in two companion papers.[76]

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4.1 Pre-Civil War

Betting on political events was commonplace in the United States ever since the early national period.[77] Advocates of a candidate frequently offered public bets on his behalf as a standard part of the election campaign. This became an expected sign of support, even for races of lesser offices. As an example, William Cooper of Cooperstown, New York, enjoyed the strong betting backing of his friends during his race for Congress in 1796.[78] Political wagering became especially intense during the partisan conflicts of the Jacksonian era.[79] The practice, with its torch-lit parades, chanting partisans, hard cider, and captive newspapers, fit right into the campaigning spirit of this period, as most press outlets were closely tied to the political machines of either the Democrats or the Whigs. Newspapers were at the heart of much of the early betting activity.[80] Many of the election betting articles that appeared in the press were boasts or challenges rather than reports of actual wagers transacted. As one instance, "to test the sincerity" of local supporters of Gen. Jackson who "express their entire confidence in the success of their favorite candidate," John Leach issued a slate of a dozen bets in his local newspaper during the 1828 contest.[81] The *Albany Argus*, voice of the New York regency, published its own list of challenges in 1832 and 1836.[82] Similar advertisements to wager appear during most other major elections of the period.[83]

We know that it was not all bluster; real money was wagered. For example, archival records show that in late October 1832 John Nevitt of Natchez, Mississippi, placed a $960 bet on Andrew Jackson's reelection. This sum was worth the equivalent of $25,000 in 2010 dollars and was more than double what Nevitt annually paid the manager of his Clermont plantation.[84]

Such big-stakes wagering was not limited to private citizens. Politicians were often involved. In 1816 future president James Buchanan lost three tracts of land in northwest Pennsylvania on an election wager. (Oil was later discovered under these lands.)[85] As candidate for governor of New York in 1828, future president Martin Van Buren wrote to a follow politico: "Bet on Kentucky, Indiana and Illinois jointly if you can, or any two of them; don't forget to bet all you can."[86] Battles between the Jackson forces and the "Bankites" raged during the 1832 contest.[87] And in 1834 Van Buren's son, John, and friend, Jesse Hoyt, recorded making over one hundred election bets, amounting to $12,000 to $15,000 ($315,000–$394,000 in 2010 money). At this time John Van Buren was New York attorney general and Martin Van Buren was the nation's vice president.[88] As another indication of the involvement of elected officials, the Washington D.C. correspondent for the *North American* reported in early 1840: "Some heavy bets were made between members of the House, to-day, on the approaching Presidential Election."[89] Election betting in 1840 was carried on as never before.[90] The 1844 contest between Henry Clay and James K. Polk witnessed an even greater flurry of betting.[91] Press reports indicate that more than $6 million ($180 million in 2010 dollars) changed hands in New York in the 1844 contest between Clay and Polk.[92]

A debate over the information value of polls versus betting odds arose during the antebellum era. The 1824 election was an open race, with no party nomination process, several potential candidates, and more democratic electorate. Politicians and journalists were eager to gauge support for leading candidates, including John Quincy Adams, Henry Clay, and Andrew Jackson, among others. They explored different measures, such as the number of endorsements, favorable editorials, and toasts at Fourth of July celebrations. Using the magnitude and direction of betting on elections was also explicitly considered. But such wagering was judged immoral and too closely tied to electioneering propaganda to be a reliable source of information. Instead conducting and reporting on (unscientific) straw polls of potential votes became common.[93]

4.2 The Ebb and Flow of Election Betting in the Pre-Civil War Period

To provide a better sense of the ebb and flow of election betting in the antebellum period, we surveyed the historical newspapers and periodicals available in the leading online sources—African American newspapers of the nineteenth century, the

Cengage–Gale nineteenth-century U.S. newspapers, PaperofRecord.com, the Proquest American Periodical Survey and Historical Newspapers, and the Readex Early American Newspapers—for relevant articles over the 1800 to 1860 period. Our tabulation excluded articles concerning legislative action to outlaw election betting as well as those discussing nonfinancial bets and included roughly 150 articles. The cumulative distribution of this sample is displayed in figure 29.1. The sample contains a small number of articles in the first decade of the nineteenth century, but observations drop off during the so-called Era of Good Feelings (1815–1823) period. The number of articles picks up in the mid-1820s with the beginning of the Jacksonian movement and Whig reaction. The peak of activity occurs in 1840 and 1844 and then falls off again. Activity falls in the 1850s before rising during the 1860 election season.[94]

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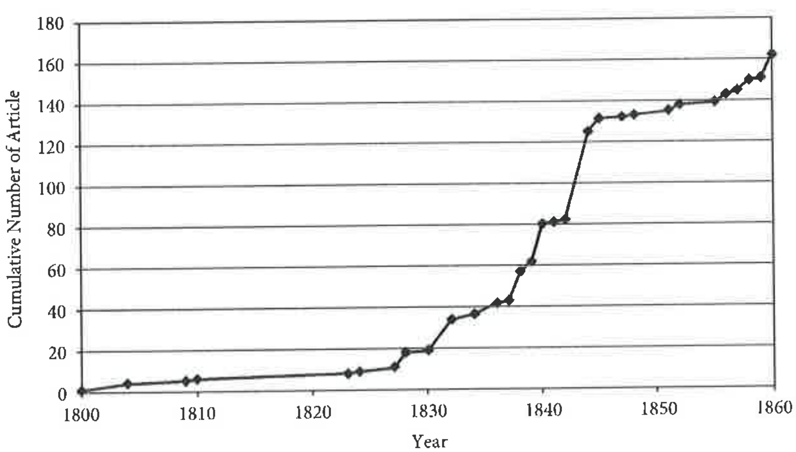
Wagering on elections became highly controversial. In 1840 Van Buren supporters charged that British gold was being invested in "bragging bets" and "buying votes" in favor of Harrison.[95] In turn, in the aftermath of the 1844 contest, the Whigs protested that a combination of gamblers favoring Polk had committed voting fraud using the winnings from election bets to defray their expenses.[96] New York governor Silas Wright complained vigorously in his 1845 message to the state legislature of "the extensive and rapidly increasing practice of betting upon elections, and the interested and selfish, and corrupting tendencies which it exerts upon the election itself." Wright urged the legislature to make election betting a criminal offense.[97] The evangelical reform movements associated with the Second Great Awakening also preached long and hard against election betting.[98] And the Illinois Supreme Court did invalidate one bet as "against public policy and the best interests of the whole country."[99] Election betting was commonly considered a form of vote buying.[100]



Cumulative Distribution of Articles on Election Betting, 1800-1860

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FIGURE 29.1

With the collapse of the Second Party system and the ongoing Democratic–Whig rivalry, election betting appears to have slowed.[101] We can only speculate why. By the late 1840s a large number of states had made election betting illegal. The reorientation of the parties and the development of intense sectional conflicts may have reduced the sphere of personal contact leading to wagering as well as trust that the losing stake would actually be paid. Political wagering did not disappear, however, as the career of Abraham Lincoln makes clear. In 1857 his law firm handled a case involving a bet over the 1856 presidential election.[102] During the 1864 election Lincoln also apparently employed agents to entice Democrats in swing states into wagering on the election in order to disqualify their votes come election day.[103]

Much of the activity in the period surrounding the Civil War took the form of public challenges for propaganda purposes. In 1864 August Belmont, a wealthy New York Democrat and representative of the Rothschilds' interests in America, boasted that he would "bet heavily" on George B. McClellan being elected president. Belmont's terms, however, represented a conditional wager, stating that a victory for Lincoln's former general would bring peace while Lincoln's reelection would result in continued war and eventual disunion.[104] Other proposals were offered for bragging rights and were not serious wagers. An extreme example of this purportedly occurred in 1868 when New York drugstore owner H. T. Helmbold offered to bet $1 million cash at even odds to take the Democratic side on a slate of election propositions. J. Kinsey Taylor of Philadelphia, meanwhile, offered to take the Republican side headed by Ulysses S. Grant.[105] It is unclear whether both sides actually staked this wager. Such even-money boasts do not provide a meaningful set of odds concerning which candidate would win the election. But markets generating such odds would soon come.

4.3 Post–Civil War Wall Street Betting Market

Election betting involving real financial stakes occurred in almost every city, but increasingly over the postbellum period such wagering became organized in markets centralized in New York City. In the late 1860s and early 1870s activity was focused in pool halls such as Johnson's and Morrissey's. Betting in this period took the recently developed pari-mutuel form. That is, participants would buy fixed-dollar shares in the final pot and the odds would be determined at the end of all betting (a candidate's final odds of winning were determined by the proportion of the total bet volume wagered on him). The New York dailies reported substantial activity in the national and state contests of the 1870s, but the form of betting made the odds difficult to translate into subjective probabilities. In addition, problems arose with the 1876 Rutherford B. Hayes–Samuel J. Tilden presidential contest. This election was essentially a draw, with the political parties charging each other with fraudulently manufacturing votes. The House of Representative eventually decided this highly contested election. The acrimony spilled over into the betting market, where $4 million was wagered ($84 million in 2010 terms).[106] John Morrissey, the leading New York pool seller and an active

AQ: Note 106: This source is unclear; is it a pamphlet? press release? Is it accessible to the reader?

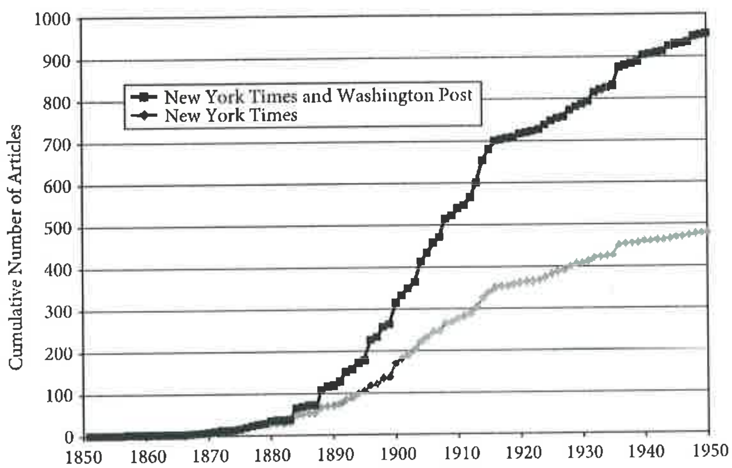
It's a newspaper.

Democrat, opted to cancel the pools, returning the stakes minus his commission. This solution left many unsatisfied, a situation contributing to the push during the next session of the New York legislature to outlaw pool selling.

After a brief lull in the late 1870s and early 1880s, election betting revived in the mid-1880s and began to flourish in the 1890s. Activity moved out of pool rooms and onto the Curb Exchange in the financial district and to the major Broadway hotels. The politically connected hotels included the Republican-oriented Fifth Avenue Hotel and the neighboring Democratic/Tammany–oriented Hoffman House.[107] The Metropol and Waldorf Astoria also were locations for betting on elections. The leading bet commissioner, or stakeholder, in the public eye was Charles Mahoney, who held sway at the Hoffman House until 1910.[108] Over most of this period the standard betting and commission structure was for the betting commissioner to hold the stakes of both parties and charge a 5 percent commission on the winnings. If the commissioner trusted the creditworthiness of the bettors, it was not necessary to actually place the stakes, and instead the signed memorandum or letter of obligation sufficed.[109]

Figure 29.2 graphs the cumulative number of articles returned from online searches for "election bet" in the *New York Times* from 1851 to 1950 and the *Washington Post* from 1880 to 1950. It is clear from this figure that the heyday of election betting extended from the 1890s through the mid-1910s.[110] During the late 1890s and early 1900s the names and four-figure stakes of bettors filled the pages of New York's daily newspapers.

The environment for election bets became less favorable starting around 1910. The key developments were changes in tax laws, New York state antigambling legislation, and public attitudes toward organized financial markets. The Hart–Agnew Act outlawing professional bookmaking that employed written bets was passed by the New York



Cumulative "Election Bet" Articles in the New York Times and Washington Post, 1851–1950

FIGURE 29.2

legislature in 1908 (and was extended to cover oral bets in 1910). The prohibition was directed primarily against horse racing and the Tammany-linked Metropolitan Turf Association, but the law's passage also reduced betting on elections for several years.

In 1912 the New York Curb Association publicly reminded its members that placing bets was contrary to New York laws. "Any member found betting, placing bets, or reporting alleged bets to the press will be charged with action detrimental to the interest of the association, which may lead to his suspension."[111] The betting commissioners in the financial district initially responded by revising their contract form—creating a memorandum between "friends" to transfer money conditional on the election outcome—and by raising the commission rates to reflect their increased legal exposure. There was some talk of moving operations to New Jersey, and many commissioners reduced or stopped keeping book.[112] When the heat was reduced after a few years, election betting revived. Ironically, in the 1916 contest between President Woodrow Wilson and Charles Evans Hughes, who as New York governor had signed the Hart–Agnew act into law, election betting on Wall Street reached its peak: $10 million (or $205 million in 2010 dollars) was wagered on the national election.

By the late 1910s newspapers more commonly published stories centering on bet commissioners and bucket shops within the financial district. (Bucketing was the practice of a broker accepting an order to buy a stock without actually executing it. The broker was essentially betting with the client about the changes in the stock's price, a bet catered to low-stakes investors.) In the early 1920s three so-called brokerages dominated election betting in the Wall Street financial district: W. L. Darnell & Co., 44 Broad Street; J. S. Fried & Co., 20 Broad Street; and G. B. de Chadenedes & Co., also of 20 Broad Street.[113] Other prominent New York bookmakers of the period included John Doyle, owner of a Broadway billiard academy, who principally handled wagers on sporting events, such as prize fights and the World Series, and Fred Schumm, a politically connected café owner in Brooklyn, who dealt in both election and sports bets.

The organized financial markets continued to attempt to limit involvement of their members. For example, in May 1924 both the New York Stock Exchange and the Curb Market passed rules/resolutions against election gambling. The exchanges liked to distinguish between their risk-sharing and risk-taking functions, which were deemed socially productive, and gambling on sporting events, such as horse races or prize fights, which were viewed as zero-sum entertainment activities with outcomes that did not affect the broader world. But unlike with sporting events, betting on elections potentially belonged in the risk-insurance category, and the information it provided had real-world value. One could readily imagine a risk averse owner of an investment project betting for a candidate unfavorable to the project in order to hedge against a "bad" election outcome. However, in practice it appears that bets were partisan in the sense that bettors took the side of their preferred candidates. Reflecting their growing marginalization, election bets became anonymous. In contrast to the earlier period, newspapers in the 1920s and 1930s no longer reported the names of those making wagers. Instead, bets were reported to involve six-figure amounts advanced by unnamed leaders in the business or entertainment worlds.

4.4 Demise of the Wall Street Election Betting Markets

The formal political betting markets appear to have largely disappeared by 1944, though informal bets continued to take place right up to the current period of Internet-based markets. There are several explanations for the demise of the Wall Street markets: (1) the rise of scientific polling, (2) the passing of several of the leading election betting commissioners, (3) the active suppression of the New York illegal gambling scene, (4) the contraction, during the early 1940s, of key sources of betting dollars, and (5) the legalization of horse race betting.

The press attention devoted to the Wall Street betting odds was due in part to the absence of creditable alternatives. In the early years of the twentieth century the only other information available concerning future election outcomes came from the results from early-season barometer contests (such as the mid-September contest in Maine), overtly partisan canvasses, and unrepresentative straw polls.[114] Over the 1894–1918 period the *New York Herald* published the results of its massive straw polls in the weeks leading up to election day. In November 1916, for example, it reported its tabulations of nearly one-quarter of a million straw ballots collected from across the country.[115] In the 1920s and 1930s *Literary Digest* issued the best-known nonrepresentative poll based on mass-mailing postcard ballots to millions of names listed in telephone directories and automobile registries. After predicting every presidential elections correctly from 1916 to 1932, the *Digest* famously called the 1936 contest for Alfred Landon, the Republican candidate, in the election that Franklin Roosevelt won by the largest Electoral College landslide ever.

The early polls based on scientific samples correctly predicted Roosevelt's victory. George Gallup, who had left academia and the advertising industry and in 1935 formed the American Institute of Public Opinion, was often credited with a singular gift of prophesy.[116] However, the polls of the other pioneers of public opinion research, including Elmo Roper, who began the Fortune Survey in 1935, and Archibald Crossley, also called the 1936 race correctly (as did the Wall Street betting odds). The numbers from scientific polls were available on a relatively frequent basis and were not subject to the moral objections against election betting. Newspapers, including the *Washington Post*, began to subscribe to the Gallup polling service and to tout its weekly results in its pages. At the same time, the paper reduced its coverage of betting markets. Such trends are displayed in figure 29.3, which reports the cumulative number of articles published in presidential election years in the *New York Times* and *Washington Post* returned from an online search of selected "poll" and "election betting" terms from 1916 to 1944.

Other factors also contributed to the demise of the Wall Street betting market. Several of the preeminent betting commissioners active in election wagering left the trade either due to death by natural causes (John Doyle) or to gang-land slayings (Sam Boston).[117] New York mayor Fiorello La Guardia's general crackdown on illegal gambling, including "raids on brokers' offices," also made it "difficult to find betting commissioners in the financial district" by 1944.[118] Tammany Hall, which had often taken the Democratic side of wagers during the heyday of New York election betting, also fell on hard times.

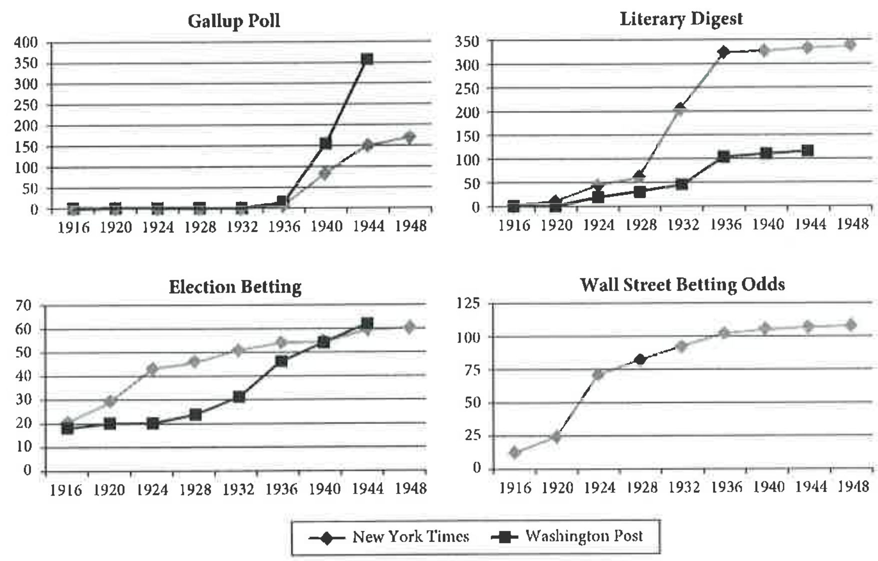


FIGURE 29.3

Cumulative Number of Articles Returned From Selected "Poll" and "Election Betting" Search Terms, 1916–1948

La Guardia's repeated reelection as mayor cut off much of Tammany's patronage, driving the organization to declare bankruptcy in 1943. In addition, wartime taxes were purportedly crimping the pockets on Wall Street.[119] A final factor was the legalization of horse race betting in New York in 1939. The possibility of betting several times each day at the track, rather than once or twice a year on elections, siphoned the dollars of bettors and bookmakers.

5 Conclusion

Election betting has a long history that is often characterized by higher stakes and greater emotion than what is exhibited in the Internet markets of today. Wagering was such a central cultural feature of the premodern era that even those who lacked the money to place a wager got involved. In the United States during the eighteenth and nineteenth centuries, nonfinancial bets—where losers had to roll peanuts with a toothpick down a street, climb up a greased pole, shave their hair or make other public gestures—were wildly popular. In 1900 at least half a million such "freak bets" were made.[120] Although it is sometimes claimed that political betting markets are a recent invention, our research shows that clearly they are not. Rather it is the absence of such markets during the mid and late twentieth century which is the exception.

A further comparison of the experience in different countries during this period may shed light on the factors that promoted or suppressed betting markets. For example, one could look at variations in terms of when scientific polls were introduced in different countries to see if this was a key factor in the displacement of the markets. An alternative approach would be to explain why the Internet was needed to spawn modern markets in the United States, whereas far more low-tech markets emerged a quarter century earlier in Britain. Finally, study of the rapid creation of political betting markets in previously colonized countries such as Singapore might uncover evidence of the role played by social norms inherited from the period of British rule. By gaining a better understanding of the historical dynamics of political betting markets we can begin to analyze how current developments are likely to shape and alter their current incarnations.

We are confident that future research will build on this chapter in terms of both depth (greater precision on the genesis of the markets described here) and breadth (adding discussion of other countries). One reason is technological. This work has benefited from the relatively new creation of online newspaper archives that contain coverage of historical political betting markets. As more newspaper corpora become available, a more refined and broader timeline will be possible. A second reason is the possibility of crowdsourcing. This work has been hindered by the authors' limited language proficiency. For example, we know from English-language sources that election betting periodically occurred during French elections but are unable to track its prevalence in French sources.[121] Future research involving researchers with a variety of linguistic backgrounds can expand our perspective on when and where bets have been placed on elections.

XXX

AQ: Please provide a few sentences on policy implications.

Please see text on the next page.

Notes

1. Justin Wolfers and Eric Zitzewitz, "Prediction Markets," *Journal of Economic Perspectives* 18 (2004): 107–126; Paul W. Rhode and Koleman Strumpf, "Historical Presidential Betting Markets," *Journal of Economic Perspectives* 18, no. 2 (2004): 127–142; Paul W. Rhode and Koleman Strumpf, "Manipulating Political Stock Markets: A Field Experiment and a Century of Observational Data," working paper, June 2008; http://people.ku.edu/~cigar.
2. Rhode and Strumpf, "Historical Presidential Betting Markets."
3. There also were markets that indirectly captured election outcomes. Insurance premia, exchange rates, and security prices of politically connected assets often reflect (or span) the same fundamentals that would drive political stock market prices.
4. Jonathan Walker, "Gambling and the Venetian Noblemen, *c.* 1500–1700," *Past & Present* 162, no. 1 (1999): 28–69, esp. 31 on the practices of *scommetter*, betting on elections.
5. D. R. Bellhouse, "The Genoese Lottery," *Statistical Science* 6, no. 2 (1991): 141–148; Nicole Martinelli, "Online Gaming, Italian Style," *Wired*, Dec. 18, 2006.
6. Frederic J. Baumgartner, *Behind Locked Doors: A History of Papal Elections* (New York: Palgrave, 2003), 88, 250. See also Renaud Villard, "Le Conclave des Parieurs: Paris, Opinion Publique et Continuité du Pouvoir Pontifical à Rome au XVI^{e} Siècle,"*Annales* 64, no 2 (2009): 375–403.

TEXT TO BE ADDED AT END OF SECTION 5

As a postscript, we note that in March 2013 the highly visible online political betting market, Intrade, closed due to unspecified "financial irregularities." The most active Intrade market at the time involved forecasting the next Pope. (FN. John Cassidy, "What Killed Intrade?" New Yorker, 11 March 2013.) Among the problems facing the site were the recent death of its founder and a crackdown by the US Commodity Futures Trading Commission on participation by American citizens. Despite this, several other online sites such as Betfair continue to provide platforms which have thick markets on political elections and other topics. Given the long history reviewed above, we anticipate that betting markets on the US Presidential race will be as active as ever in 2016. Policy-makers can stand in the way of their efficient operation; they cannot push them out of existence

7. Frederic J. Baumgartner, "Henry II and the Papal Conclave of 1549," *Sixteenth Century Journal* 16 no. 3 (1985): 301–314; quote on p. 305.
8. *New York Times,* 2 March 1878, 2.
9. *New York Times,* 11 July 1903, 2; *Atlanta Constitution,* 11 July 1903, 3; *Chicago Tribune,* 27 July 1903, 4; *Los Angeles Times,* 18 Aug. 1903, 5; *Scotsman,* 24 Jan. 1922, 4, and 7 Feb. 1922, 5. See also *Manchester Guardian,* 9 Aug. 1978, 2, which notes the role of clergymen placing bets.
10. George Otto Trevelyan, *The Early History of Charles James Fox* (New York: Harper & Brothers, 1880), 416; and *New York Times,* Nov. 7, 1880, 4.
11. *Freeman's Journal,* 3 Jan. 1763, 3; 31 Jan. 1763, 2; 11 Feb. 1763, 3; 25 Oct. 1763, 2; 23 July 1765, 2; 21 Dec. 1765, 2; 15 Feb. 1766, 2; 8 March 1766, 2; 4 Aug. 1767, 2; 19 March 1768, 2; 28 May 1768, 2; 20 Sept. 1768, 3; 18 Feb. 1769, 2; 19 Feb. 1769, 2; 21 March 1769, 2; 4 July 1769, 2; 18 Dec. 1781, 4; 20 June 1789, 4; *Finns Leinster Journal,* 14 Oct. 1772, 2; 10 April 1776, 2. Translated into percentage terms, the odds reported in *Freeman's Journal,* 8 March 1766, 2, in favor of the repeal of the Stamp Act varied between 59–64 percent in March 1766. *Freeman's Journal,* 20 Sept. 1768, 3, also reports betting in the "Court End" of Dublin.
12. Trevelyan, *Fox,* 414. For an account of partisan betting behavior in the 1837 parliamentary contest see Charles Greville and Henry Reeve, *The Greville Memoirs: A Journal of the Reigns of King George IV and King William IV,* vol. 2 (New York: Appleton, 1883), 510. See also Algernon Bourke, *The History of White's,* 2 vols. (London: Waterlow & Sons, 1892). Bourke (1:101) noted that among the British elite during the eighteenth and nineteenth centuries the "custom of deciding everything by wager is so universal" that polite conversation is fill "with little more than bet after bet, or now and then a calculation of the odds."
13. John Robinson, *The Last Earls of Barrymore, 1769–1824* (London: S. Low-Marston, 1894), 113–114.
14. Among the court cases decided on gaming were *Foster v. Thackery,* 1 Term Reports 57 (1781) regarding the outbreak of war between England and France; *Allen v. Maur,* 1 Term Reports 56 (1786), regarding an election wager between two voters; *Atherfold v. Beard,* 2 Term Reports 610 (1788), regarding the level of the duty on hops; *Lacaussade v. White,* 7 Term. Reports 535 (1798), regarding the date when England and France would sign articles of peace. British Parliament, House of Lords, *The Three Reports from the Select Committee on the Lords Appointed to Inquire into the Laws Respecting Gaming* (London, 1844), 41–42. For the legal standing of wagers see T. Starkie, "Appendix I: Substance of the Common and Statute Law Relating to Gaming," 223–231, in House of Commons, *Report from the Select Committee on Gaming; Together with the Minutes of Evidence,* appendix and index (London, 1844).
15. Joseph Chitty, *A Treatise on the Laws of Commerce and Manufactures and the Contracts Related Thereto: With an Appendix of Precedents,* vol. 3 (London: A. Strahan, 1824), 82–83. In a widely publicized article, Sir Frederick Milner charged that he lost a recent parliamentary race due to effects of election betting. "Betting as a Force in Politics," *Pall Mall Gazette* (London), 6 Aug. 1886, 1.
16. David Dixon, *From Prohibition to Regulation: Bookmaking, Anti-Gambling, and the Law* (Oxford: Clarendon, 1991), 38–81; Mark Clapson, *A Bit of a Flutter: Popular Gambling and English Society* (Manchester: Manchester University Press, 1992), 18–38; Jim Orford, Kerry Sproston, Bob Erens, Clarissa White, and Laura Mitchell, *Gambling and Problem Gambling in Britain* (Hove, U.K.: Brunner-Routledge, 2003), 3.

17. "Latest Parliamentary Betting," *Punch*, 21 July 1894 (which may be meant ironically); *Times of London*, 5 Dec. 1910, 6, and 7 Dec. 1910, 12 (which are not). *Annual Register: A Review of Public Events at Home and Abroad for the Year 1910* (London: Longsmans-Green, 1911), 256–257. Wire stories about election betting were also carried in papers throughout the British Empire. As one example, Liverpool betting odds on Gladstone's 1892 prospects appear in New Zealand papers including the *Manawatu Herald*, 7 July 1892, 2; *Feilding Star*, 5 July 1892, 2; *Bush Advocate*, 5 July 1892, 3, *Poverty Bay Herald*, 5 July 1892, 2, *Hawke's Bay Herald*, 6 July 1892, 3, and others.
18. Laura D. Beers, "Punting on the Thames: Electoral Betting in Interwar Britain," *Journal of Contemporary History* 45, no. 2 (2010): 282–314.
19. Pundit commentary and newspaper election contests were commonly framed in terms of majorities. Examples of newspaper prediction contests based on majorities include London *Daily Mirror*, 11 Jan. 1906, 6; 4 Dec. 1923, 2; 9 Oct. 1924, 2; and London *Daily Express*, 8 Nov. 1922, 10; and 29 Nov. 1923, 8.
20. Beers, "Punting," 282; London *Daily Express*, 28 May 1929, 1. The London *Times*, 3 Dec. 1910, 12; London *Daily Mirror*, 2 Dec. 1910, 17, and *Irish Times*, 22 Dec. 1910, 9, provide good firsthand descriptions of the early market; the *Irish Times*, 18 Oct. 1924, 3; London *Daily Express*, 13 March 1929, 13; and *Manchester Guardian*, 22 April 1929, 14, cover the later period.
21. Beers, "Punting," 285. Examples of prices in 1910 appear in the London *Daily Mirror*, 3 Dec. 1910, 17; 5 Dec. 17; 6 Dec. 13; 8 Dec., 13; 9 Dec., 13; London *Times*, 5 Dec. 1910, 6. The activity attracted attention in the United States; see *New York Times*, 11 Dec. 1910, C2.
22. Dublin's *Sunday Independent*, 25 Sept. 1921, 5, provides quotes from London insurance firms over losses resulting from the dissolution of the British Parliament in 1921.
23. Exchange values calculated on MeasuringWorth.com, www.measuringworth.com/exchange.
24. Beers, "Punting," 287–288, 291.
25. Beers, "Punting," 296.
26. London *Daily Express*, 17 Oct. 1931, 12, and 20 Oct. 1931, 12. Similar claims appear in the next contest: "Election 'Majorities' Set Market Tone," London *Daily Express*, 6 Nov. 1935, 14.
27. London *Daily Express*, 29 Oct, 1931, 1. London *Daily Mirror*, 21 Oct. 1932, 18, estimated that "three-quarters of million changed hands" in the 1931 contest.
28. *New York Times*, 27 Oct. 1931, 1.
29. London *Daily Express*, 21 Jan. 1932, 3; London *Daily Mirror*, 21 Oct. 1932, 18.
30. London *Daily Mirror*, 19 Oct. 1933, 7, 21; Beers, "Punting," 301. Summarizing the prewar situation, "Election Gambling," *Economist*, 4 Feb. 1950, 252 noted: "There was a much publicized lawsuit when a trader, unable to honour his debts, pleaded the provisions of the Gaming Act. The sequel was a ban by the Council of the Stock Exchange on all such dealings, which has been reaffirmed at each subsequent election."
31. London *Daily Express*, 31 Oct. 1935, 10; 5 Nov. 1935, 2.
32. *Toronto Star*, 26 Oct. 1940. Mike Smithson, *The Political Punter: How to Make Money Betting on Politics* (London: Harriman House, 2007), 4–5, writes of the record in the betting book of Magdalen College, Oxford, of the gentlemen's wagers between physicists James Griffiths (one of the developers of radar) and (Bernard) Rollin in August 1940 regarding the number of German planes downed each evening. Brian Howard Harrison, in "College Life, 1918–1939," writes: "All Souls SCR (Senior Common Room) regularly

conducted sweepstakes on general elections between the wars"; in Brian Howard Harrison, ed., *The History of the University of Oxford*, vol. 8, *The Twentieth Century* (Oxford: Oxford University Press, 1994), 87.

33. London *Daily Express*, 19 March 1929, 12.
34. Beers, "Punting," 307, 309.
35. Quotes for the 1945 election appear on the front page of the Sydney, Australia, *Morning Herald*, 23 July 1945; the odds come from the insurance brokers or Lloyds and heavily favor the Conservatives. Odds for the 1950 contest are given in London *Daily Express*, 11 Jan. 1950, 1, with the provisos that "Only a few members in the Stock Exchange are doing business on the Election, Very unofficially" and that such election betting was banned.
36. "Election Gambling," *Economist*, 4 Feb. 1950, 252.
37. Two years earlier the 1961 Betting and Gaming Act substantially liberalized wagering on sporting events in Britain. Graham Rock, "Gambling a-gogo," London *Observer*, 29 April 2001.
38. "Odds-On Politics," *Economist*, 21 Aug. 1965, 715–716.
39. *New York Times*, 10 May 1964.
40. "Whirl in the Pools," *Economist*, 17 Oct. 1964, 273; *Manchester Guardian*, 2 Oct. 1964; *Observer*, 10 Oct. 1964; *Financial Times*, 8 Oct. 1964, 14; Smithson, *Political Punter*, 9–11.
41. In 1966, as an example, 72.5 percent of the total parliamentary betting at Ladbrokes was on general election results; 9.0 percent was on "majorities"; and 18.5 percent was on the results in specific constituencies. *Irish Times*, 22 March 1966, 8.
42. Through taxes on wagering the British Chancellor of the Exchequer earned about 6 percent on the volume of activity. *Irish Times*, 2 March 1974, 8.
43. "Odds-On Politics," *Economist*, 21 Aug. 1965, 715–716.
44. See *Manchester Guardian*, 4 Nov. 1969, for Pollard's election night appearance. The *Guardian*, 15 March 1966, 10, noted Pollard saying that "the weight of money is more accurate an indication of public opinion than anything the polls can produce. He casts a cold eye on some of the wilder swings forecast by other methods."
45. Martin Rosenbaum, "Betting and the 1997 British General Election," *Politics* 19, no. 1 (1999): 9–14. Straits
46. "Betting on the White House race a big business," The Singapore *Strait Times*, 30 July 1972.
47. "Election Betting Scored in Britain; Wager Affect Voters and Results, Opponents Say," *New York Times*, 5 April 1966, 5; *Manchester Guardian*, 5 April.1966, 3.
48. There was some betting on local elections in South Asia in the pre-1947 era. See *Ceylon Observer* (Colombo, Sri Lanka), 14 Dec. 1911, 15. We have seen little evidence of election betting in India before the mid-1980s, but we know that "poll betting" has become commonplace. See *Times of India*, 7 Jan. 1985, 3; 23 Nov. 1989, 3; 21 May 1991, 5; 8 Nov. 1993, 9; 7 May 1996, A1; 3 Oct. 1999, 8; and "Betting: Fluctuating Fortunes," *India Today*, 31 May 1991, 58–59.
49. *Finns Leinster Journal*, 10 April 1776, 2; *Freemans Journal*, 18 Dec. 1781, 4; 5 Oct. 1763, 2.
50. *Freemans Journal*, 19 March 1768, 2; 14 Oct. 1772, 2; 25 March 1784, 4.
51. There were bets on the timing of elections in the French Chamber of Peers (*Freemans Journal*, 5 March 1819, 2), the military success of Admiral Horatio Nelson (*Freemans Journal*, 23 April 1801, 2), and Parliamentary acts that would grant greater rights for Catholics (*Freemans Journal*, 26 April 1828, 2).

52. The Canadian market covered included bets on both the winner and the number of seats in the Parliament of Canada: *Irish Times*, 6 March 1891, 5; 5 Sept. 1911, 7. The U.S. markets are reported in *Irish Times*, 22 Dec. 1865, 3; 30 July 1904, 10; 8 Nov. 1904, 5; 7 Nov. 1905, 1; 3 Nov. 1906, 8; 3 Nov. 1908, 8; 6 Nov. 1916, 5; 4 Nov. 1924, 5; *Irish Independent*, 7 Nov 1905, 5.
53. *Irish Times*, 27 Jan. 1906, 12.
54. Irish election bets on the Dáil Éireann, the lower house of the Irish Parliament, are discussed in *Scotsman*, 5 Jan. 1933, 9; Irish elections odds from Irish bookies are in *Irish Independent*, 4 Sept. 1925, 12; Irish person-to-person bets are in *Connacht Sentinel*, 26 Jan. 1932, 2. Coverage of U.K. parliamentary elections include those on the winning party (*Irish Independent*, 10 Oct. 1924, 12; *Sunday Independent*, 12 Oct. 1924, 7) and majorities bets (*Freeman Journal*, 11 Dec. 1923, 2). The role of insurance companies on the U.K. bets is in *Sunday Independent*, 25 Sept. 1921, 5.
55. *Irish Times*, 15 July 1945, 1; *Southern Star*, 14 Feb. 1948, 3.
56. *Irish Times*, 15 Feb. 1964, 10.
57. Irish election coverage includes odds on individual seats, *Irish Independent*, 7 March 1966, 10; the governing party in Dáil Éireann, *Irish Independent*, 4 Feb. 1968, 6, and, 17 June 1969, 14; and local elections in Northern Ireland, *Irish Independent*, 24 Feb. 1969, 6. Coverage of the U.K. markets included odds from U.K. books like Ladbrokes, Corals, and William Hill (*Sunday Independent*, 16 Aug. 1964, 6; *Irish Independent*, 4 Oct. 1974, 1) as well as Irish books (*Irish Independent*, 5 Feb. 1974, 1). In addition to early coverage of U.S. markets in the 1940s (*Irish Times*, 20 Sept. 1940, 6), Irish books also set odds for American elections (*Irish Independent*, Apr. 1967). There was even coverage of British books' odds on Australian elections (*Sunday Independent*, 16 Nov. 1975, 1).
58. The Melbourne *Argus*, 17 Jan. 1868, 5; 13 Sept. 1917, 8.
59. The Hobart, Tasmania, *Mercury*, 7 Aug. 1948, 8; the *Canberra Times*, 26 May 1954, 1.
60. The aim of the law is to avoid voting based on the wager rather than preferences. The Hobart, *Mercury*, 29 May 1913, 6.
61. The Melbourne *Argus*, 12 Dec. 1949, 6; 13 Dec. 1949, 8.
62. For the United States seethe Hobart *Mercury*, 29 Jan. 1897, 3; the Sydney *Morning Herald*, 13 Nov. 1916, 8; the Hobart *Mercury*, 1 Nov. 1944, 2. For the United Kingdom see the Sydney *Morning Herald*, 23 July 1945, 1; the Melbourne *Argus*, 27 Sept. 1951, 3.
63. Wanganui *Chronicle*, 22 June 1875, 2; Ashburton *Guardian*, 31 Oct. 1893, 2; see the Wellington *Evening Post*, 4 Nov. 1873, 2 and 10 May 1884, 2; *Poverty Bay Herald*, 14 Dec. 1889, 2, Nelson *Evening Mail*, 30 Nov. 1899, 3; and the *Grey River Argus*, 5 Aug. 1920, 3.
64. Nelson *Evening Mail*, 28 Nov. 1893, 1; 4 Jan. 1894, 1; Marlborough *Express*, 3 Jan. 1894, 2
65. Wellington *Evening Post*, 17 Jan. 1933, 8.
66. See the Mombasa, Kenya, *East African Standard*, 12 Nov. 1910, 2; Rhodesia *Herald*, 7 Jan. 1910, 10; Buluwayo (Zimbabwe) *Chronicle*, 12 March 1914, 12. For examples of local election betting in South Africa see *Scotsman*, 13 June 1929, 9; *Tribune* (Lahore, Pakistan), 11 Nov. 1910, 4.
67. The Singapore *Strait Times*, 8 Sept. 1903; 25 March 1929 and 26 Feb. 1929; 10 Jan. 1933; 4 Nov. 1920 and 6 Nov. 1906; 29 July 1930; 15 Jan. 1935. Straits
68. The Singapore *Strait Times*, 28 Jan. 1950, 24 Feb. 1950, 19 Oct. 1951, 20 May 1955, and 8 Oct. 1959.
69. The Singapore *Strait Times*, 18 Aug. 1959 and 10 May 1969.

70. The Singapore *Strait Times*, 27 June 1963. Other newspaper articles in which election betting is criticized appear on 20 March 1961 and 28 June 1963. ST-c-ts
71. The Singapore *Strait Times*, 1 July 1978.
72. The issues of the *Toronto World* are: 8 June 1882 for the 1882 parliamentary election; 22 and 25 Feb. 1887 for the 1887 parliamentary elections; 1 Oct. 1886 for the West Quebec election; 6 Jan. 1885 for the 1885 Toronto mayoral election; 3, 4, and 5 Jan. 1887 for the 1887 Toronto mayoral election.
73. Canadian Parliamentary elections are discussed in *Manitoba Daily Free Press*, 5 March 1891; *New York Times*, 30 Oct. 1904, and *Toronto Star*, 1 Nov. 1904; *New York Times*, 22 Sept. 1911; *Scotsman*, 28 July 1930. There were also markets on a by-election in London Ontario; see *Toronto World*, 20 Nov. 1920; for a market on Quebec provincial election see *Winnipeg Free Press*, 19 Oct. 1939.
74. The Montreal markets are discussed in *New York Times*, 22 Sept. 1911.
75. As examples see *Toronto Star*, 2 Nov. 1896, 2 Nov. 1908, 5 Nov. 1912, 4 Nov. 1916, 4 Nov. 1924.
76. Paul W. Rhode and Koleman Strumpf, "Historical Presidential Betting Markets," *Journal of Economic Perspectives* 18, no. 2 (2004): 127–142, and "Historical Prediction Markets: Wagering on Presidential Elections," working paper, November 2003; www.unc.edu/~cigar/papers/BettingPaper_10Nov2003_long2.pdf.
77. As early examples see *Connecticut Gazette*, 17 Dec. 1800, 2; and the *Democrat*, 10 Nov. 1804, 2.
78. Alan Taylor, "'The Art of Hook & Snivey': Political Culture in Upstate New York during the 1790s," *Journal of American History* 79, no. 4 (1993): 1371–1396, 1386. Taylor considered "bets between the friends of candidates" one of four main instruments in early electioneering (1380). He noted that "rival interests strove to intimidate one another and to impress voters with bets. A bet between the supported of rival interests was an exercise in competitive self-assertion. A public bet on a candidate was an investment of reputation and honor as well as of money."
79. As examples at the beginning of this era see *Baltimore Patriot*, 9 Nov. 1824, 2; and *New-Hampshire Patriot & State Gazette* 1, Dec. 1828, 2. Glenn C. Altschuler and Stuart M. Blumin, *Rude Republic: Americans and Their Politics in the Nineteenth Century* (Princeton, N.J.: Princeton University Press, 2000), 73, hold that while political parties were not directly responsible for most election betting in the period, they did encourage the practice among their partisans.

    Several noteworthy recent surveys of political history in the early national and Jacksonian period, including Sean Wilentz, *The Rise of American Democracy: Jefferson to Lincoln* (New York: W. W. Norton, 2005), and Michael F. Holt, *The Rise and Fall of the American Whig Party: Jacksonian Politics and the Onset of the Civil War* (New York: Oxford University Press, 1999), are remarkably silent about election betting.
80. Regarding the political scene in New York in the 1790s, Taylor, "The Art of Hook & Snivey," 1386, writes that "the newspaper office became a kind of brokerage house for wagers. There a gentleman could leave a note or bond indicating what he would bet on a candidate; there a rival gentleman could agree to take up that note or bond or leave one of their own. The curious could call to inquire about who had bet and how the wagers stood. Like the accumulation of nomination notices in the papers, reports of the ebb and flow of bets served as public opinion polls."
81. *New-Hampshire Statesman and Concord Register*, 20 Sept. 1828.

82. *Essex Gazette*, 25 Oct. 1828, 2; *New-Hampshire Patriot & State Gazette*, 10 Sept. 1832; and *Connecticut Courant*, 29 Aug. 1836
83. As examples see the *Spirits of the Times*, 8 Sept. and 20 Oct. 1832; the *Globe* (Washington, D.C.), 6 Oct. 1836; *Barre Gazette*, 30 Oct. 1840, 2.
84. Entries dated 27 Oct. and 12 Dec. 1832 in the John Nevitt Diary #543, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill.
85. Philip S. Klein, *President James Buchanan: A Biography* (University Park: Pennsylvania State University Press, 1962), 29, 434. For Buchanan's activities see also the Salisbury (N.C.) *Carolina Watchman*, 2 Nov. 1848.
86. Edward M. Shepard, *American Statesman: Martin Van Buren* (Boston: Houghton-Mifflin, 1900), 453. Calendar of the papers of Martin Van Buren, prepared from the original manuscripts in the Library of Congress (Washington, D.C.: GPO, 1910), includes references to election bets in his correspondence in 1813 (p. 21), 1826 (p. 78), 1828 (p. 93), 1834 (p. 220), 1835 (p. 245), 1836 (pp. 272, 274).
87. Augustus C. Buell, *History of Andrew Jackson: Pioneer, Patriot, Soldier, Politician, President*. 2 vols. (New York: Charles Scribner, 1904), 2:270–272.
88. William L. MacKenzie, *The Life and Times of Martin Van Buren* (Boston: Cooke, 1846), 255–256; *New-Hampshire Patriot and State Gazette*, 10 Sept. 1832, 3; *Vermont Gazette*, 6 Oct. 1832, 2; *Eastern Argus Semi-Weekly*, 22 Oct. 1832, 2; and the *Pittsfield Sun*, 25 Oct. 1832, 3.
89. *North American and Daily Advertiser* (Philadelphia), 26 Feb. 1840.
90. *The Farmers' Cabinet* (Philadelphia), 13 Nov. 1840, 2.
91. *New York Herald*, 15 Sept. 1844; *Daily National Intelligencer* (Washington, D.C.), 5 Sept. 1844; *Boston Daily Atlas*, 25 Sept. 1844; *Scioto Gazette* (Chillicothe, Ohio), 31 Oct. 1844.
92. *New-Hampshire Patriot* (Concord, N.H.), 5 Dec. 1844, [4].
93. *Daily National Intelligencer*, 6 Aug. 1824, 3; James W. Tankard Jr., "Public Opinion Polling by Newspapers in the Presidential Election Campaign of 1824," *Journalism Quarterly* 49, no. 2 (1972): 361–365; Tom W. Smith, "The First Straw? A Study of the Origins of Election Polls," *Public Opinion Quarterly* 54, no. 1 (1990): 21–36.
94. The number of newspapers covered in the online sources generally expands over time. This makes interpreting these trends somewhat problematic. The decline in the number of observations on election betting articles after 1844 is even more significant once the expansion in overall coverage is taken into consideration.
95. See *New-Hampshire Patriot*, 7 Sept. 1840, for these specific charges and 14 Sept. 1840 for a more general criticism of corrupting influences of election betting from the Democratic side. See *Pittsfield Sun*, 22 Oct. 1840, 2, for the slate of bets allegedly offered by agents of the "British Whigs."
96. David Bacon, "The Mystery of Iniquity: A Passage in the Secret History of American Politics, Illustrated by a View of Metropolitan Society," pt. 2, *American Whig Review*, July 1845; Calvin Colton, *The Life and Times of Henry Clay*, 2 vols. (New York: A. S. Barnes, 1846), 2:443. The alleged frauds against Clay echoed in Republican charges against the Tilden campaign in 1876. See *Republican Campaign Textbook for 1880* (Washington, D.C.: Republican Congressional Committee, 1880), 57.
97. MacKenzie, *Life and Times*, 205. Such messages were often mixed. In December 1838 Pennsylvania governor Joseph Ritner (Anti-Masonic party) had railed against the vogue for election betting, "the very worst and most pernicious species of gambling . . . a people is preparing for despotism when it turns the elective franchise of its highest offices into

a mere subject of pecuniary speculation." *Atkinson's Saturday Evening Post*, 5 Jan. 1839, 2. But earlier in the election season the pro-Ritner Philadelphia newspaper the *Pennsylvania Inquirer and Daily Courier*, 20 Aug. 1838, offered to bet $10,000 in his favor in the race for governor against David Porter. (For a counteroffer see *Harrisburg Reporter and State Journal*, 21 Sept. 1838.) In this hotly contested election, which ended in the so-called Buckshot War, the sum wagered purportedly totaled more than half a million dollars. *Colored American*, 28 Nov. 1838.

98. *New York Evangelist*, 6 July 1839, 106; *Christian Register and Boston Observer*, 12 Dec. 1840, 200; *Christian Reflector*, 8 Aug. 1844, 125; *Christian Inquirer*, 27 Nov. 1858, 2.
99. The case involved a wager on the 1864 presidential contest. *Cleveland Morning Herald*, 8 Aug. 1871.
100. Altschuler and Blumin, *Rude Republic*, 71–72; *North American and Daily Advertiser* (Philadelphia), 23 June 1840. In criticizing the "ridiculous, immoral, and pernicious custom" of betting on elections, the *Middlesex Gazette*, 8 Oct. 1828, 2, noted that the practice was "quite prevalent in many States, but it is unfashionable in New England," adding "long may it remain so."
101. For examples of election betting in the 1850s see *Mississippian and State Gazette* (Jackson), 25 June 1852; *Vermont Watchman and State Journal* (Montpelier), 21 Oct. 1852; the *Pittsfield Sun*, 24 July 1856, and *Bangor Daily Whig and Courier*, 10 Nov. 1856.
102. Jesse W. Weik, *The Real Lincoln: A Portrait* (Boston, Houghton-Mifflin, 1923), 174–176.
103. *Irish Times*, 10 Oct. 1864, 4.
104. *New York Times*, 26 Oct. 1864, 4, 31 Oct. 1864, 43 Nov. 1864, 4, 5 Nov.1864, 4, 7 Nov. 1864, 4.
105. *Charleston Tri-Weekly Courier*, 31 Oct. 1868; *North American and United States Gazette* (Philadelphia), 30 Oct. 1868.
106. *The Teller* (Lewiston, Idaho), 2 Dec. 1876.
107. Downtown hotels, including the Fifth Avenue Hotel on Fifth Avenue at Twenty-third Street and the Windsor on Forty-six Street near where Jay Gould lived, were secondary locations for trading stocks and bonds in the mid-1890s. New York Curb Market, Committee of Publicity, 1929, 9.
108. *New York Times*, 26 March 1910, 16.
109. *New York Times*, 10 Nov. 1906, 1; 29 May 1924, 21; 4 Nov. 1924, 2; *Wall Street Journal*, 29 Sept. 1924, 13. *New York Times*, 9 Nov. 1916, 3. For the long tradition of election betting see *New York Herald Tribune*, 2 Nov. 1940, 23.
110. One indication of the predominance of election betting in the United States during this period comes from across the Atlantic. In response to the appearance of a news item about the betting odds on a 1908 by-election involving Winston Churchill, the *Manchester Guardian* (8 May 1908, 8) complained "we have definitely adopted the bad American custom of studying the betting as a guide to a forecast of election results."
111. *Wall Street Journal*, 8 June 1912, 5. In May 1924 both the New York Stock Exchange and the Curb Market passed resolutions barring their members from engaging in election gambling. Again, in late 1927, both exchanges blocked the use of "when issued" contracts to discourage gambling. *Wall Street Journal*, 23 Dec. 1927, 11.
112. *New York Tribune*, 30 Oct. 1908, 1. See also *New York Times*, 22 Oct. 1909, 1; 11 July 1912, 10; 18 July 1912, 1. Regarding changes in commission rates see the *New York Tribune*, 30 Oct. 1908, 1.

113. Two of the three (Fried and Darnell) in fact were owned jointly by Samuel Solomon (aka Sam Boston) and the Silinsky brothers (Abraham, Frank, William). Although the newspapers often referred to the odds as quotations from the Curb, the links with the New York Curb Exchange were informal at best. Frank Silinsky did have a seat on the Exchange, and Richard C. Fabb, an early publicist for the market, also worked for the Fried firm over the mid-1920s. "Bets to Exceed $5,000,000," *New York Times*, 31 Aug. 1924, 3.
114. Claude Everett Robinson, *Straw Votes: A Study of Political Prediction* (New York: Columbia University Press, 1932); Louis Bean, *How to Predict Elections* (New York: Knopf, 1948); Susan Herbst, *Numbered Voices: How Opinion Polling Shaped American Politics* (Chicago: University of Chicago Press, 1993), 69–88; Thomas B. Littlewood, *Calling Elections: The History of Horse-Race Journalism* (Notre Dame, Ind.; University of Notre Dame Press, 1998), esp. 42–45, 85–10, and 113–119.
115. *New York Herald*, 5 Nov. 1916, 1.
116. Polling the Nations, "A Brief History of Polling," presents a "potted" history of these events; http://poll.orspub.com/static.php?type=about&page=briefhistory.
117. *New York Times*, 8 Nov. 1940 14; 4 Aug. 1942 1; *New York World-Telegraph*, 11 Oct. 1944. Doyle retired and then died; Boston left the business after a close associate was killed as a result of a double-cross.
118. *New York World-Telegraph*, 11 Oct. 1944, which includes an analysis of why wagering in New York City on the 1944 Dewey–Roosevelt election contest "was extremely quiet." For coverage of La Guardia's intensified wartime campaign against gambling and vice see *New York Times*, 18 Jan. 1943, 17; 21 June 1943, 1; 4 Dec. 1943, 16; 18 Dec.1943, 17.
119. Warren Moscow, *The Last of the Big-Time Bosses: The Life and Times of Carmine De Sapio and the Rise and Fall of Tammany Hall* (New York: Stein & Day, 1971), 24; *New York Journal American*, 18 Aug. 1944; *New York News*, 1 Nov. 1944.
120. E. Leslie Gilliams, "Election Bets in America," *Strand Magazine*, February 1901, 185–191. For an examination of freak bets as rituals see Mark Brewin, "The Freak Bet and the Performance of the Democratic Paradox," *Communication Review* 9, no. 1 (2006): 37–62. *Irish Times*, 9 Feb. 1901, 9.
121. London *Daily News*, 5 July 1871. See also *New York Times*, 3 Dec. 1887, 1; 28 June 1894, 1; 18 Jan. 1895, 1. The 1887 article highlighted "the large number of betting agencies started in the streets near the Chamber" of Deputies in Paris.