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GATE**

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# **ACADEMICS ARE SCRATCHED AT THE GATE**

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## Academics Are Scratched at the Gate

Academicians and statisticians have long been attracted to the world of horse racing. Over the decades, they have produced literally hundreds of studies on the economics of horse racing, the efficiency of wagering, the elasticity of demand for gambling, and the effect of takeout changes on overall handle at the racetracks. They have even produced some wagering studies on how best to win at the races.

The studies on how best to bet have been based have drawn on general belief that favorites are under bet as compared to other horses. According to these studies, the areas to exploit this neglect of favorites have been in the place and show pools. This has led to the two basic suggested academic plays on how to make money in racing. These are 1) the Asch-Malkiel-Quandt approach. Bet place and show on horses that are morning line favorites that also are attracting late money. This approach was described in Asch, Malkiel, Quandt, "Market Efficiency in Racetrack Business" 57 Journal of Business 165 - 175 (1984) and in Asch, Quandt, Racetrack Betting, (1986). The other approach is: 2) the Dr. Z. system. In this system, you bet favorites to place and show when the pools show that these horses have been substantially under bet in the place and show pools as contrasted with their relative odds in the win pool. See generally Ziemba and Hausch, Beat the Racetrack, (1984). Both the success of these systems was based on the belief that if too many people actually utilized these systems, they would no longer be able to produce any profits.

You no longer have to worry about too many people using these academic approaches to racetrack success. Simulcasting and the arrival of late money from guest sites have rendered these system approaches obsolete. The academic approaches were all based on the notion that a systems bettor could place his or her bet in the last minute or two of wagering knowing with reasonable certainty the final shape of the place and show pools. There no longer is any reasonable certainty that a late bettor will know what is in the place and show pools. With a high percentage of wagers only being recorded by the tote after all wagering has been stopped, a bettor no longer can tell whether a horse is a hot horse receiving late money under the Asch-Malkiel-Quandt approach or whether the horse is a strong underlay in the place and show pools under the Dr. Z. approach. These pools are no longer foreseeable, and the academics have been scratched at the gate.

Under both approaches, a successful bettor needs to be able to bet as close to off time as possible with as much knowledge as is possible of the likely closing odds. Unfortunately, this is no longer possible. Thanks to the late arrival of pools from guest sites, a bettor at a track has no ability to make a reasonable determination of a horse's final odds. All a bettor can do nowadays is guess at the final odds. Simulcast technology has rendered these academic responses to making money at the tracks useless.

There may be one possible saving grace for these systems. If more tracks expand on the NYRA approach to guest site wagering – where betting stops off-track before it stop on-track - there is still some hope for these systems. If we ever reach a point where full off-track pools are known to bettors before pools close on-track, then on-track bettors

will be in the perfect position to exploit these two academic approaches. They'll be able to place late bets with almost complete knowledge of the final betting pools.

It's too bad that technology has brought an end to the utility of the academic approaches to winning at the track. Before simulcasting, these academicians had proven the lie to the assumption that "Those that can't do, teach." Pre-simulcasting, those teachers not only did bet, but they won. Now thanks to simulcasting, let's hope they didn't quit their day jobs. They're going to need large rebates if they want to create a successful winning wagering system.