

Real World Graduation: Question 37

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Question 37

The San Diego Chargers are scheduled to play the Washington Redskins in a regular-season NFL game. If the Redskins are favored to win by 9 points (this is known as the "point-spread"), it is because:

- a) A team of reputable football experts have analyzed the respective player's abilities, and the majority of them have concluded that the Redskins are a better team, and will probably win by about 9 points.
- b) A team of reputable football experts analyzed the respective coaching strategies, and a majority of them have concluded that the Redskins will probably win by about 9 points.
- c) A team of football experts analyzed the health status of the most important players on both teams, and a majority of them have concluded that the Redskins will probably win by about 9 points.
- d) The politicians and bureaucrats in Washington are using their influence to intimidate the Chargers players, which usually helps the Redskins by about 9 points.
- e) Some combination of a), b), and c)

Answer to Question 37

This is a trick question. The "point spread" has nothing at all to do with the game or the teams or the players, or opinions expressed by football experts, or the influence of government officials.

The point spread is a gimmick created by gambling operations, legal and illegal alike. The objective of creating a "point spread" is to play upon the biases of the bettors in order to get them to place a large number of bets such that the total amount of money wagered on each team is about equal. Equalizing the amount bet on each team maximizes the net return to the gambling operator, whether it is a Las Vegas casino, a "betting parlor", or a local bookie. The gambling operation has no interest in the game or its outcome; it is interested only in taking a service charge for each bet or a fraction of the total amounts wagered. That is why the gambling operation always tries to increase the number of bets placed or total amounts bet, because that is where the money is (for them). The idea is to tempt the betting chumps to risk more of their money based on an entirely phony notion that the scores of competitive contests can be approximately predicted.

Here's how the "point spread" scam works. A gambling operation (called the "house") wins only if you lose. If you place a bet and win, then you win the amount wagered. If you lose, you lose not only the amount you bet, but also some additional percentage that goes to the gambling operation to cover their costs and make a profit. (Bookies normally take 20%, legal ones take less). Ties are counted as wins for the house. So, for gambling purposes, there are no ties, only winners and losers. The long run viability of the house depends on an equal amount of money (not bettors) being won and lost: the losers in effect pay off the winners, while the house gets the percentage of the amount lost. Here is where the point spread comes in: if a strong team is to play a weak team, clearly there will be more money bet on the strong team. Those bets are likely to win, but the house will not be able to cover those bets without an equal or greater amount being lost. Therefore, the house induces a larger number of people to bet on the weak team by giving points, that is, a score advantage for gambling score-keeping. The purpose of giving points is to even the odds such that an equal amount of money is bet on each team. The house keeps the money lost by the losers, pays the winners, and keeps the additional percentage taken from the losers as its profit. It has nothing to do with the prospective outcome of the game itself.