

## **'Match-Fixing under Competitive Odds' by Parimal Bag and Bibhas Saha, Games and Economic Behavior**

In this paper Bag (Economics) and Saha address the growing problem of betting-related corruption in world sports and the various conditions whereby it most often occurs.

Long and deep run the links of match-fixing and betting to the arena of sports that governments are prompted to legalise betting. But even as authorities the world over take stern measures to clamp down on match-fixing, the sporting world has never been able to purge itself completely of this evil. In this paper, the authors explore the conditions for match-fixing to occur. Using a model of price competition (ie. Bertrand competition), two bookmakers decide on the prices of tickets (or winning odds) of two competing teams. An influential punter chooses to bribe one or none of the teams while taking into account the fine imposed by the authority. In the backdrop lies a continuum of naive punters. The model shows that when contests are close, that is tickets prices are high making bribery unprofitable, and the influential punter is not too wealthy bribe prevention and zero profit for the bookmakers result. The outcome becomes ambiguous when the influential punter is wealthy: bribe inducement of either team could occur and/or bribe prevention with positive profit. Conversely, in cases of highly uneven contests, bribery of the favourite and zero profit always follow. However when there is only one bookmaker (ie. monopoly), the model suggests drastically different equilibriums.

Bag, P.K. & Saha B. (2011). 'Match-Fixing under Competitive Odds', *Games and Economic Behavior* 73:2, 318-344.