The 1994 Virginia Senate Market

Douglas D. Davis, Robert Forsythe and Charles A. Holt

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Abstract

Results of a group of political markets for the 1994 Virginia Senate race are reported. In the markets investors buy and sell candidate "contracts," whose ultimate values are based on the election outcome. We find that contract prices both predict the election outcome with some accuracy, and respond to political events during the campaign in a manner that is reasonable *ex post*. Further, although the markets are not perfectly efficient informationally, consideration of price information within and across markets reflects qualitatively other subtle peculiarities of the campaign.