

POKER IS GOOD FOR YOU

by David Sklansky & Alan N. Schoonmaker, Ph.D.

Many people have argued that poker should be considered differently from gambling in general. This argument has been made in discussions of legalization and related topics. Their argument is usually that poker is a skill game, while other gambling games are much less dependent upon skill.

We agree, but believe that they have not gone far enough in explaining many of poker's unique attributes. Poker does not just require skill. It demands and develops many skills and personal qualities which are essential for making all types of decisions, such as choosing a career, investing money, performing a job, and buying a house.¹

POKER IS A GREAT TEACHER.

Research clearly proves that people tend to repeat rewarded actions and to discontinue punished ones. Poker teaches by rewarding desirable actions such as thinking logically and understanding other people and by punishing undesirable ones such as ignoring the odds and acting impulsively.² Other learning principles also apply to poker.

Learning Depends Upon Feedback.

Rewards and punishments are valuable feedback. The faster and clearer the feedback is, the more rapidly you will learn. Unfortunately, for learning many desirable qualities the feedback cycle is slow or unclear. For example, if you make a mistake with an important customer, you may never know why you lost his business. At the poker table you often get much quicker feedback.

Until fairly recently, most people learned how to play poker primarily from trial and error. Over the past few decades a rapidly expanding body of books, videotapes, DVDs, classes, and coaches has helped millions of players to speed up the learning curve, but there is no substitute for experience. You have to make good and bad plays and get rewarded and punished to learn poker's most important lessons.

The More Frequently You Get Feedback, The Faster You Will Learn.

Most important real life decisions are made infrequently, and some of them - such as choosing a career - may be made only once. Poker players make and get feedback on hundreds of decisions every session, which greatly accelerates the learning process.

Lessons Learned In One Situation Often Generalize To Other Situations.

If poker's lessons applied only to how to play games, we would not have written this article. But its lessons apply to virtually every aspect of life. For example, if you are impatient or illogical or can't analyze risks and rewards, you will lose at poker, and you will make many mistakes in business and personal relationships. If poker teaches you how to control your emotions, you will be much more effective almost everywhere.

Young People Generally Learn More Quickly Than Older Ones.

Poker's enemies often insist that they are protecting young people from developing bad habits, but they are really preventing them from learning good ones. Young people *love* to gamble, sometimes for money, often for much more "things" such as grades, pregnancy, and even their lives.

They get a kick from taking chances, and some of their gambles are just, plain stupid. They risk dying or becoming crippled by crazy stunts on roller skates, bicycles, and snowboards. They get pregnant or AIDS by taking easily avoided sexual risks. It is as impossible to prevent young people from "gambling" (in its broadest sense) as it is to prevent them from experimenting sexually.

Life is intrinsically risky, and learning how to handle those risks is an important part of growing up. Poker teaches you to think of risks and rewards *before* acting. If it taught nothing else, poker would prevent some young people from making terrible mistakes. More generally, most of poker's lessons will help young people to make critically important decisions.

POKER IMPROVES YOUR STUDY HABITS.

Because you want to be respected, you and nearly everyone else naturally develop high status qualities and neglect low status ones. Unfortunately, status among Americans - especially young ones - is based primarily on physical attractiveness and athletic ability. The highest status people, the ones others envy and want to date, are physically attractive and good at games such as football, basketball, and soccer. Of course, the good looking, athletic children will probably end up working for the more studious ones, but they may not learn that lesson until it is too late.

American students score abysmally on tests of math, science, and verbal skills partly *because* so many of them think that study is unimportant. They are not stupider than Europeans, Asians, and South Americans, but they are taught from birth that they will be rewarded for looking good and playing athletic games well.

Worse yet, they learn that being studious is often *punished*. Their parents may be delighted when they get good grades, but young people care immensely about their peers' opinions. Good students are called "nerds" and "geeks."

This anti-intellectualism continues indefinitely. Americans reward good looks and athletic ability far more than studiousness. Models, actors, and athletes get paid several times as much and have much higher status than scientists, teachers, and scholars.

Young people resist studying math, psychology, logic, risk-reward analysis, probability theory, and many other subjects they will need as adults because these subjects seem unrelated to their lives. They don't see how learning them matters in the competitions they care about, the ones for status, popularity, and dates. Since people rarely study these subjects after graduation, many Americans never *learn* them.

Poker quickly teaches them the value of these subjects. The "nerds" who study poker and subjects such as math, logic, and psychology *crush* their more attractive and athletic opponents. They even beat smarter people who are too lazy or complacent to study. Winning increases their status and confidence and makes them much more likely to get dates and influence their peers. Poker doesn't just develop study habits and other important qualities; it also increases the value people place on them.

POKER DEVELOPS YOUR MATH SKILLS.

Americans are *terrible* at math. Our students get abysmal scores on math tests, and most people don't even try to learn math after leaving school. Their weaknesses remain uncorrected forever.

Many people are not just bad at math; they don't even want to get better. They essentially say, "Who needs it?" When they play poker, they quickly learn that they need it. The winners understand and apply it, while the losers either don't try or can't perform the necessary calculations. After their children started playing poker, many parents have exclaimed, "I'm amazed. He actually wants to study math."

POKER DEVELOPS YOUR LOGICAL THINKING.

Many authorities are appalled by Americans' contempt for logic. Instead of thinking logically, too many of us make poor assumptions, rely on intuition, or jump to emotionally-based conclusions.

Poker teaches you to respect and apply logic because it is a series of puzzles. Since you don't know the other players' cards, you need logic to help you to figure out what they have, and then more logic to decide how to use that information well. The same general approach that works in poker will help you to make much more important decisions.

POKER DEVELOPS YOUR CONCENTRATION.

The first step toward solving poker or real life problems is acquiring the right information. Without it you will certainly make costly mistakes. Poker develops information-gathering qualities, especially concentration. Every poker player has missed signals, including quite obvious ones, made mistakes, and then berated himself, "How could I be so stupid?" We can't think of a more effective way to develop concentration.

POKER DEVELOPS YOUR PATIENCE.

Americans are notoriously impatient, which damages many aspects of our lives. We owe trillions of dollars because we buy things on credit instead of waiting until we can pay for them. Our businesses overemphasize short-term results and lose market share to more patient foreign competitors.

Poker develops patience in the most powerful possible way. If you wait patiently for the right situation, you will *certainly* beat the impatient people who play too many hands. In fact, for most players poker's *first* lesson is "Be Patient."

POKER DEVELOPS YOUR DISCIPLINE.

Many people lack discipline. They yield to their impulses, including quite destructive ones. Poker develops discipline by rewarding it highly. Virtually all winning players are extremely disciplined.

Their discipline affects everything they do. They fold hands they are tempted to play. They resist the urge to challenge tough players. They avoid distractions, even pleasant ones like chatting with friends or sexually attractive strangers. They don't criticize bad players whose mistakes cost them money. They control their emotions. *They have the self-control to do the necessary, but unpleasant things that most people won't do.*

Television has created a ridiculously inaccurate image of poker. After seeing famous players screaming and trash-talking, viewers naturally assume that such antics are normal. They are utterly mistaken. Television directors show these outbursts for "dramatic value," and a few players act stupidly to get on TV. You will see more outbursts in a half hour of television than in a month in a card room. Please remember that controlled people are often called "poker faced."

POKER TEACHES YOU TO FOCUS ON THE LONG TERM.

Impatience is not the only cause for short-sightedness. Learning research proves that immediate rewards have much greater impact on people than delayed ones. For example, *most* American adults are overweight because the immediate pleasure of overeating is more powerful than its disastrous long-term effects such as heart attacks.

Poker players quickly learn that a *bad* play can have *good* results and vice versa, but that making decisions with positive, long-term expectation (EV) is the key to success. If you make enough negative EV plays, you must lose. If you make enough positive EV plays, you must win. It is just that simple.

If people thought more of the long term, some of our most serious problems would be solved or become less troublesome. Because of short-sightedness, millions of children drop out of school or get pregnant, and millions of adults neglect their health and finances.

POKER TEACHES YOU THAT FORGOING A PROFIT EQUALS TAKING A LOSS (AND VICE VERSA).

Economists call lost profits "opportunity costs" and they have written extensively about them. Unfortunately, most people haven't read their works, and, if they did, they probably wouldn't agree. They would much rather pass up a chance to make a dollar than risk losing one. They therefore miss many profitable opportunities.

Poker teaches you that lost profits are *objectively* the same as losses. For example, if the pot offers you 8-to-1, and the odds against you are 5-to-1, you should call the bet. Not calling is the same as throwing away money by making a bad call when the odds are against you.

POKER DEVELOPS YOUR REALISM.

You and everyone else deny unpleasant realities about yourself, other people, and many other subjects. You believe what you want to believe. Poker develops realism in the cruelest, but most effective way. If you deny reality about yourself, the opposition, the cards, the odds, or almost anything else, you quickly pay for it.

Hundreds of times a night you must assess a complicated situation: your own and the other players' cards, what the others are going to do, the probability that various cards will come on later rounds, your position, and many other factors, especially your own and the other players' skill and playing style. If you are realistic, you win. If you deny reality, you lose.

POKER TEACHES YOU HOW ADJUST TO CHANGING SITUATIONS.

Most people don't ask themselves, "How is this situation different?" They just do whatever they have always done. Poker *demand*s adjustments because the situation is always changing. One card can convert a worthless hand such as a four flush into an unbeatable one. The player holding the flush and all the opponents should adjust immediately. The player with the winning hand should do whatever will produce the most profit, and the others should cut their losses.

Other things are changing as well. One hand after being in the small blind, the worst position, you have the button, the best position. Every time someone quits and is replaced by a different type of player, the game changes. Every time someone surprises you by folding, checking, betting, or raising you should re-evaluate the situation and adjust to the new information.

Adjusting to real life changes has always been necessary, but it is has become much more important because the pace of change has accelerated enormously. We now experience more changes every year than our ancestors encountered in decades. Technology, the economy, social and moral attitudes, and a host of other factors change so dramatically that Alvin Toffler: "coined the term 'future shock' to describe the shattering disorientation we induce in individuals by subjecting them to too much change in too short a time."³ He argued, "Change is avalanching upon our heads, and most people are grotesquely unprepared to cope with it."⁴ Poker can help you to cope with our constantly changing world.

POKER TEACHES YOU TO ADJUST TO DIVERSE PEOPLE.

Most people - especially younger ones - have little experience with diverse people. They live in relatively homogenous towns and neighborhoods and usually relate to people who are fairly similar to themselves.

In online and casino poker games, you have to play with whoever sits down. You must compete against very different kinds of people: aggressive and passive, friendly and nasty, educated and uneducated, quiet and talkative, intelligent and stupid, emotionally controlled and uncontrolled, and so on.

You therefore learn how to understand and adjust to people who think and act very differently from you. The faster you and better you do it, the better results you will get. Since you will certainly meet diverse people in more important situations, learning how to relate to them is extremely valuable.⁵

POKER TEACHES YOU TO AVOID RACIAL, SEXUAL AND OTHER PREJUDICES.

Prejudice is always wrong, but it is especially destructive at the poker table. It causes you to underestimate your opposition and make expensive errors. To play well, you should be "gender-blind, color-blind, and just-about-everything else-blind, because in the end, winning is based on merit."⁶

Poker provides an extremely "level playing field." In no other popular competition is everyone treated so equally. You can't play golf against Tiger Woods, but you can sit down at any poker table. You can play against anyone from a novice to a world class player, and you will all be treated as equals. If you get the cards and play them well, you will win, no matter who you are.

POKER TEACHES YOU HOW TO HANDLE LOSSES.

Many people can't cope with losses. A lost job, argument, or - God forbid -romantic relationship is a massive tragedy. They can't accept the loss and may even obsess over it. It takes over their lives, making them look backward rather than forward.

Poker teaches you how to cope with losses because they occur so frequently. You lose far more hands than you win, and losing sessions and losing streaks are just normal parts of the game. You also learn that trying to get even quickly is a prescription for disaster. You have to accept short-term losses and continue to play a solid, patient game. You can't be a winner - in poker or life - if you don't learn how to get over losses and move on.

POKER TEACHES YOU TO DEPERSONALIZE CONFLICT.

Many people take conflicts too personally. They may want to beat someone so badly that they

"win the battle, but lose the war." Worse yet, if they lose, they may take it as a personal defeat and ache for revenge. Anyone who has seriously played games with painful physical contact (such as football, boxing, and soccer) is less likely to take conflict too personally. Getting hurt teaches some athletes that conflict is just part of the game and life. Alas, many people *never* learn that lesson.

Poker teaches you to depersonalize conflicts because it is based on impersonal conflict. The objective is to win each other's money, and everyone's money is the same. It doesn't matter whether you win or lose to Harry, Susan, or Bob. Everybody's chips have the same value, and everybody's money spends the same.

Poker quickly teaches you that being bluffed, sandbagged, outdrawn, and just plain outplayed are not personal challenges or insults. They are just parts of the game. Poker also teaches you that taking conflicts personally can be extremely expensive.

If you ache for revenge, you may act foolishly and lose a lot of money. Beating "your enemy" can become so important that you play cards you should fold, try hopeless bluffs, and take many other stupid, self-destructive actions. The Chinese have a wonderful saying, "If you set out for revenge, dig two graves: one for him, and one for you." Poker teaches that principle to every open-minded player.

POKER TEACHES YOU HOW TO PLAN.

Many people don't plan well. Instead of setting objectives and planning the steps to reach them, they react impulsively or habitually. Poker develops your planning ability for an extremely wide range of time periods:

- This betting round
- This entire hand
- This session
- This tournament
- This year
- Your entire poker career

Planning for all of these periods requires setting objectives and anticipating what others will do. For example, pocket aces are the best possible hand, and you hope to build a big pot with them. In early position in a loose-passive game, you should raise because your opponents will probably call. In a wildly aggressive game you should just call, expecting someone to raise, others to call, so that you can reraise.

Poker also teaches you to plan for the entire hand. You use chess-type thinking ("I'll do this, they will do that, and then I'll ..."). You may sacrifice some profit on an early betting round to increase your profits for the entire hand.

You can also sacrifice immediate profits for longer-term gains. For example, you may overplay the first few hands to create a "Wild Gambler" image that will get you more action on later hands. Or you may be extremely tight at first to set up later bluffs. Poker teaches you to set clear goals, think of what others will do, plan the actions that will move you toward your goals, and always know why you are doing something.

Good planning requires thinking of multiple contingencies. You should do many "what, if?" analyses. If the next card is a spade, you will bet. If it pairs the board, and Joe bets, you will fold. If it seems innocuous and Harriet bets, you will raise. Most people don't consider nearly enough possibilities. When something unexpected happens, they have no idea what to do.

Planning in real life is so obviously valuable and so rarely done well that we don't need to give any examples. You know that you should do these "what if" analyses and plan your work, finances, and life in general, but that you probably don't plan well.

POKER TEACHES YOU HOW TO HANDLE DECEPTIVE PEOPLE.

Many people are easily deceived. Just look at those late night infomercials that promise you'll quickly get rich, become thin, or relieve all your aches and pains. The promoters wouldn't pay for them if naïve people didn't buy them, and they are only the tip of the iceberg. As Barnum put it, "There's a sucker born every minute."

Because poker players constantly try to bluff, sandbag, and generally deceive each other, you learn how to recognize when someone has a good hand, is on a draw to a good hand, or is flat out bluffing. Those skills can help you to spot and react effectively to deceptive people *everywhere*. A lot of people want to deceive you, and you should learn how to protect yourself.

POKER TEACHES YOU HOW TO CHOOSE THE BEST "GAMES."

"Game" selection is critically important in both poker and life. Poker teaches you how to evaluate yourself, the competition, and the overall situation, and then pick the "games" that are best for you.

Serious poker players recognize that the main reason they win or lose is the difference between their abilities and those of the competition. If they are better than the competition, they win. If they are weaker, they lose.

A secondary consideration is the fit between their style and the game. Let's say that two poker players have equal abilities. Player A will beat a conservative game, but lose in an aggressive one, while Player B will have the opposite results. Obviously, they should choose different games.

Both factors affect your real life results. If you are less talented or have weaker credentials than your competitors, you should switch to a softer game. You should also select a game that fits your style. For example, you and a friend may have similar abilities and credentials, but different temperaments. Perhaps you should work in a large organization, but he should join a small company or start his own business.

Most people don't know how to evaluate themselves and how well they fit into various "games." So they make huge mistakes that they may not realize for many years. Just think of how many people have changed "games" in their thirties and forties. They *finally* realized, "I don't belong here."

POKER TEACHES YOU THE BENEFITS OF ACTING LAST.

If you act last, you have a huge edge. You know what your opponents have done before acting, but they acted without knowing what you will do. Position is so important that any good player would raise with some cards in last position that he would fold in early position.

Poker is an information-management game, and there are many similar games such as selling and negotiating. The primary rules of all these games are:

- Get as much information as possible.
- Give as little information as possible.

For example, when negotiating, you want the other person to go first to learn his position before

expressing yours. Let's say you have to sell an unusual house quickly. A licensed appraiser has said that it is worth approximately \$250,000, but that it is so unique that he can't put a precise value on it.

Before offering a price, you want to know how *this* potential buyer feels. He may love, hate, or be indifferent to its unique features. If he makes the first offer, you get some inkling of his feelings. He may even offer \$275,000! Since he seems to love its uniqueness, try for an even higher price.

Job interviewers know the value of acting last. Most employment applications contain a question such as: "Approximate starting salary expected." If you answer, you have given the interviewer your position without knowing what he is willing to pay. Since you are unlikely to get more than you ask for, *try to avoid making that first offer.*

POKER TEACHES YOU TO FOCUS ON THE IMPORTANT SUBJECTS.

Focusing on unimportant subjects causes expensive mistakes at the poker table and in real life. Serious poker players know that all mistakes are not created equal. Trying too hard to avoid small mistakes can cause much bigger ones.

Overreacting to any opponent's small mistakes can cause the deadly mistake of underestimating him. For example, you may see that an opponent overplays a mediocre hand such as queen-jack offsuit. It's a mistake, but a relatively harmless one, especially because he will get that hand only a few times a night. If he plays the other hands well, don't conclude that he is a weak player.

Your own mistakes should also be analyzed, and some of them can be quite subtle, but very important. For example, you may be so intent on playing "properly" that you seem too serious for the weaker opponents who just want to have a good time. So they avoid you, which reduces your share of the money they give away.

Another error is taking a "by the book" approach that can cause strategic mistakes. For example, you could play your cards in a technically correct way, but almost never bluff. You would lose the profit you could gain from good bluffs, and your opponents will not give you much action on your good hands. The same principle applies to always playing hands the same way. The predictability costs you more than you gain by always being technically correct.

A business analogy would be running your organization so rigidly that all the ordinary decisions are made well, but:

- Your employees are not motivated to be creative when the usual routines won't work. In fact, they may fear being punished for violating procedures.
- Your organization can't respond effectively to the inevitable surprises.
- Your good employees quit.
- Your organization becomes a typical bureaucracy, filled with deadwood and unable to achieve its goals.

POKER TEACHES YOU HOW TO APPLY PROBABILITY THEORY.

If you are like most people, you don't think in terms of probabilities, or you do so very crudely. You think something:

- will happen
- won't happen
- probably will happen

- probably won't happen

You are unlikely to make finer distinctions such as between 30%, 20%, and 10% probabilities.

Poker teaches that these distinctions are important and develops your ability to calculate them. You learn that you should sometimes call a bet if you have a 30% probability of winning, but fold with a 20% probability. You also learn how to estimate probabilities quickly and accurately.

This neglected skill can be applied to many real life decisions. For example, if you have to fly to Los Angeles for a sales call or job interview, it may be worth the time and expense if the probability of success is 30%, but not if it's 20%. Hardly anyone thinks that way which causes many poor decisions.

POKER TEACHES YOU HOW TO CONDUCT RISK-REWARD ANALYSES.

These analyses are a more formal way to use probability theory. Since life is intrinsically risky, you probably can't win at poker or life without accurately assessing risks and rewards.

Risk-reward analysis is a form of cost-benefit analysis which also includes the probabilities of each possible result. Let's say that the pot is \$100. You have a flush draw that you expect to win if you make it, but lose if you miss. It will cost you \$20 to call the bet. The odds against making your flush are exactly 4-to-1. If you make it, you will win another \$20 because you are sure your opponent will call one last bet. You are sure you cannot bluff. Should you call the \$20 bet?

You will certainly lose more often than you will win, but the potential gains may outweigh the potential losses. Because we are concerned only with the long term, let's do it 100 times:

You will win \$120 twenty times for a total win of	\$2,400
You will lose \$20 eighty times for a total loss of	<u>-1,600</u>
Your net gain for 100 times will be	\$800
Your expected value for each call is	\$8

You should obviously call the bet.

Poker players constantly do risk-reward analyses, and these analyses are often much more complicated. For example, in deciding whether to semi-bluff⁷, you should estimate the probabilities, gains and losses of:

- winning the pot immediately because your opponent(s) fold
- winning because you bet again on the next round and your opponent(s) fold
- winning because you catch the card you need to make the best hand
- losing because you get called and don't catch your card.

The math can get difficult, but advanced players learn how to make these analyses quickly and accurately.

The same sort of analysis should be done whenever you have a real life risky situation. Unfortunately, most people don't do it. They buy stocks or real estate, take a job, open a business, or take personal risks without identifying all the outcomes and estimating the probabilities that each will occur. So they make many bad decisions.

Poker is such an excellent teacher for risky decisions that Peter Lynch, former manager of The Magellan Fund and Vice Chairman of Fidelity, once said that a good way to become a better investor was to "Learn how to play poker."⁸

POKER TEACHES YOU TO PUT THINGS IN CONTEXT AND EVALUATE ALL VARIABLES.

People often ask poker experts, "How should I play this hand?" They are usually frustrated by the standard answer, "It depends on the situation." The expert then asks them about the other players, their own position, the size of the pot, the action on previous hands and betting rounds, and many other subjects. Most people don't want to hear, "It depends on the situation," and they definitely don't want to answer questions.

In fact, they usually can't answer them because they have not counted the pot, thought about the other players, and done all the other things that experts do. They want to know the two or three simple rules for playing a pair of aces, or a full house, or a flush draw, and the experts won't tell them because *there aren't any simple rules*.

If you play seriously, you will learn that the KISS formula (**Keep It Short and Simple**) does not apply to poker. More importantly, it does not apply to most significant real life decisions. It has become popular because people want to believe that life is much simpler than it really is. Poker teaches you to ask the same sorts of questions about investment, career, and other decisions that you ask at the poker table so that you make much better decisions.

POKER TEACHES YOU HOW TO "GET INTO PEOPLE'S HEADS."

Poker teaches you to understand and apply psychology because understanding others is absolutely essential. In fact, poker has often been called "a people game played with cards." *If you don't understand the other players, you can't win.*

We have already discussed psychological subjects such as avoiding prejudice and selecting the right games. We will end this long essay by briefly discussing poker's most important psychological lesson: teaching you what other people perceive, think, and want.

The first step is shifting your focus from yourself to them, and poker forces you to make that shift. If you focus on your own cards, you can't win because poker hands have only relative value. The important issue is not how good your cards are; it is how they compare to the other players' cards. A flush is a very good hand, but it loses to a bigger flush or any full house or better. So poker quickly teaches you to think of what other people have. It also teaches you to think about what they think you have. And even what they think you think they think.⁹

We and others have written extensively about these subjects, but space limitations allow us to give only a few examples. Good players always consider the other player when making any decision. With the same cards and situation, they would fold if Charley, a very conservative player, bets, but raise if Mary, a very aggressive player, bets.

Good players would also think about how their opponents think about each other. For example, if a perceptive opponent bets into someone whom he believes is very likely to call, he is probably not bluffing. If a good player reraises a maniac, he probably has a much weaker hand than if he reraised a tight opponent. Understanding his perceptions of these other players greatly improves your decisions when you are contesting a pot.

Understanding other people is vital in virtually every area of life. You can't have good personal relationships or succeed in business without being perceptive about people. Since its value in personal relationships is so obvious, we will discuss only two subjects, negotiating and investing.

"The absolutely essential step toward negotiating effectively is to shift your focus from your

own position to their position. Unfortunately, most people focus on their own position. Their actions say, in effect, *'If I could just get them to understand MY facts and MY logic and MY needs, they would make the concessions I need.'* The other side is saying exactly the same thing.

"They therefore have parallel monologues instead of a genuine dialogue. Both sides repeat themselves again and again, hoping to convince the other to accept their position. But eloquence is no substitute for understanding, and you cannot gain that understanding without shifting your focus and sincerely wanting to understand the other side."¹⁰

All good poker players know and apply David Sklansky's "Fundamental Theorem of Poker."¹¹ Less well known is his "Fundamental Theorem of Investing:"

"Before making any investment ... you must be able to explain why the other party is willing to take the other side of the deal... if you cannot come up with a good explanation, your buy, sell or bet is almost certainly not as good as you think."¹²

Unfortunately, most people don't seriously analyze the other party's reasons. Their attention is focused primarily on themselves, their economics, their analysis, and their reasons for buying or selling. If they thought about the other party's motives and perceptions, they might realize that they are making a disastrous mistake.

The principle is very clear. You should always determine as accurately as you can why the other party is willing to sell, buy, or do other business with you. If you don't understand his reasons, "all the statistics, income statements, balance sheet data, or analysts' recommendations mean little. There is still some reason they are taking your bet - and, if you don't know it, you don't like it."¹³

We could quote many other authorities on the value of understanding other people, but there is no need to do so. Instead, we will close with a quotation from one of the best selling books of all time: *How To Win Friends And Influence People* by Dale Carnegie: *"If there is one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as your own."*¹⁴

Since you can't win at poker without seeing things from other people's angle, you will learn this valuable lesson. You will then become much better at winning friends, influencing people, and making decisions about virtually everything.

CONCLUSIONS

We have described many - but certainly not all - of the skills and personal qualities that poker develops. Most of poker's lessons are variations on one theme: *Think carefully before you act.* That principle applies everywhere, and far too many people ignore it.

The government's attempts to outlaw poker are based upon a misconception of its nature and value. It is not "just gambling," and it should not be subject to the same rules and penalties as other gambling games. Instead, the government should allow you to play poker in regulated and taxed places because poker is good for you and good for America.

SUMMARY OF POKER'S BENEFITS

Because this essay is so long, you may not want to reprint all of it. We believe that a good summary is simply a list of the headings. Please feel free to reprint as much or as little as you wish.

1. Poker Is A Great Teacher.
2. Poker Improves Your Study Habits.
3. Poker Develops Your Math Skills.
4. Poker Develops Your Logical Thinking.
5. Poker Develops Your Concentration.
6. Poker Develops Your Patience.
7. Poker Develops Your Discipline.
8. Poker Teaches You To Focus On The Long Term.
9. Poker Teaches You That Forgoing A Profit Equals Taking A Loss (And Vice Versa).
10. Poker Develops Your Realism.
11. Poker Teaches You To Adjust To Changing Situations.
12. Poker Teaches You To Adjust To Diverse People.
13. Poker Teaches You To Avoid Racial, Sexual And Other Prejudices.
14. Poker Teaches You How To Handle Losses.
15. Poker Teaches You To Depersonalize Conflict.
16. Poker Teaches You How To Plan.
17. Poker Teaches You How To Handle Deceptive People.
18. Poker Teaches You How To Choose The Best "Game."
19. Poker Teaches You The Benefits Of Acting Last.
20. Poker Teaches You To Focus On The Important Subjects.
21. Poker Teaches You How To Apply Probability Theory.
22. Poker Teaches You How To Conduct Risk-Reward Analyses.
23. Poker Teaches You To Put Things In Context And Evaluate All Variables.
24. Poker Teaches You How To "Get Into People's Heads."

¹ We assume, of course, that you will not become obsessed with poker or play for higher stakes than you can afford.

² These rewards and punishments may not be instantaneous. It may take a while for things to average out.

³ *Future Shock*, New York, Random House, 1970, Page 4

⁴ *ibid*, page 14

⁵ Adjusting to varied players was the primary theme of Alan Schoonmaker's book, *The Psychology of Poker*, Henderson, NV, Two Plus Two Publishing, 2000.

⁶ Barbara Connors, "Poker Play" in Maryann Morrison's *Women's Poker Night*, New York, Kensington Publishing, 2007, p. 26.

⁷ "A semi-bluff is a bet with a hand which, if called, does not figure to be the best hand at the moment, but has a reasonable chance of outdrawing those hands that initially called it." David Sklansky, *The Theory of Poker*, p. 91.

⁸ "Ten lessons poker teaches great investors," by Christopher Graja, *Bloomberg's Personal Finance*, June, 2001, p. 56

⁹ See "Multiple level thinking" in David Sklansky and Ed Miller, *No Limit Hold 'em: Theory And Practice*, Henderson, NV, Two Plus Two Publishing, 2006, pp. 168-175.

¹⁰ Alan N. Schoonmaker, *Negotiate to win*. Englewood Cliffs, NJ, Prentice-Hall, 1989, p. 76

¹¹ "The Fundamental Theorem of Poker" is explained on pages 17-26 of *The Theory of Poker*.

¹² David Sklansky, "The Fundamental Theorem of Investing," Card Player, August 16, 2002, pp. 34-36

¹³ *ibid.*

¹⁴ Dale Carnegie *How To Win Friends and Influence People*, NY, Simon and Schuster, 1936, copyright renewed 1964, P. 37. The italics were in the book.