

Armstrong's Lawsuit Settlement as Pascal's Wager

"Pascal's Wager" is an elegant and simple philosophical principle that has stood the test of time. The 17th Century mathematician and Catholic theologian Blaise Pascal proposed that if we live a pious life and forego some of our earthly pleasures for the promise of entry into heaven, we have a chance for a happy and eternal afterlife. If we wager nothing and live a life of excess, we may be damned to hell for all eternity. Since we can't prove or disprove the existence of God, Pascal argued it is safer to bet on the pious approach, giving up a little bit now just in case God does exist.

Pascal's Wager is considered to be the first formal application of decision theory, and his formula (ignoring the religious context) endures as a kind of complex coin flip. Distilled to its essence, Pascal says that if you wager something small at the opportunity for a possibly greater reward tomorrow, even if you don't know the outcome, you may come out ahead; wager nothing at the opportunity, and you could risk losing everything. In the world of pro cycling, this logic is as relevant to race-winning tactics as it is to courtroom maneuvers.

For all that has been written in the wake of Lance Armstrong's settlement with the Federal Government, it had always seemed likely that he would settle the case out of court if he could. In the course of [interviewing him](#) prior to the legal conclusions, and in listening to the insights of peers in media and sports governance circles, it became clear that there would be unfinished business when a settlement was ultimately announced. This was not a criminal case in which evidence, procedure, intent, and harm were going to be weighed by a jury of peers. Rather, this was a civil case which had the strong potential to be a painful deep dive into the darkest depths of men's pro cycling.

According to multiple published accounts in [USA Today](#), [The New York Times](#) and other news outlets, the Federal government had proposed some time ago that Armstrong pay \$10 million to settle the case early on, but Armstrong and his lawyers had countered at \$5 million. By all indications, Armstrong was fully prepared to see the Federal lawsuit all the way through if necessary, and had even leased an address in the Washington DC area. Weave through the subsequent legal wrangling, court filings, and assignment of a new judge to the case, and it becomes clear that the Federal lawyers were becoming less confident in their ability to win.

The first offer to settle at \$10 million may have been too steep for Armstrong, perhaps because of his financial circumstances, as well as his apparent confidence that he could successfully defend himself in the case and avoid paying anything at all. Because of that confidence, and perhaps because the government lawyers were beginning to worry about the same thing, Armstrong seemed comfortable in holding out for the \$5 million settlement.

At that settlement level, he was willing to give up something in order to secure the future; it may have hurt pretty badly to fork over \$5 million – some of which went to his arch-nemesis Floyd Landis – but it enabled him to exert some control over the outcome and preserve his cultural and economic stakes in the sport. In retrospect, Armstrong never wavered; \$5 million was his number and he was willing to gamble his future to get to that number.

There is a huge library of information about Armstrong, including numerous best-selling books, various movies and documentaries, USADA's Reasoned Decision report of 2012 and hundreds of press interviews. Yet it can be argued that we still don't really understand the culture and the specifics of doping in cycling then as today – which riders were doping, how many support staff inside and outside of the sport were actually involved, and so on. What we don't know are things we might have learned from this case, and which we may now never know. This is why Armstrong held a lot of the cards ever since the case was filed – "settle at my number and we'll all proceed ahead in peace – or don't settle at my number and we might just blow up the sport."

For example, could Armstrong's lawyers have further exposed more of cycling's dark underbelly during this era? Could his lawyers have proven that the marketing and decision agents attached to the US Postal team and other contemporary sponsorships did know that systematic doping in cycling was [the norm](#) and not the exception? If so, the foundation for the entire lawsuit could have collapsed. Would the information that came out in this case further damaged the reputations of cycling's various stakeholders?

Had Armstrong's defense laid bare things that we didn't know, it could potentially have had severe consequences for the overall sport. It might have proven that he was right on many points all along, and implied that very little we have done to bring about change has actually worked. Indeed, many human rights, sporting, and legal scholars outside of pro cycling have privately hinted that this outcome was a very real possibility. What would have been the fall-out, in terms of sponsors, reputations, and race investment? What impact might it have had on the road cycling economy and broadcast viewership if the sport were so deeply compromised once again? And finally, how would all of this have impacted Armstrong's relevance to the sport and potential future earnings?

Armstrong, who unlike Pascal is an avowed atheist, probably doesn't care where his soul winds up at the end of the road. But to get to the end of that road, and on his terms, the \$5 million he agreed to pay to settle the suit is not so much that it would permanently dent his reserves, but enough that it would ensure the potential future payoff. In the long-view, it was a bet that allowed him to control his future.

Armstrong's bike shop is a successful fixture in the Austin community, and his [WEDU podcasts](#) are the most listened-to cycling-related audio broadcasts today. He is no farther from the sport today than he ever was, and it appears that he isn't going anywhere else soon. Cycling is still a big part of his life and his brand relies on the sport. As the sport's attention turns to the upcoming Tour de France, Armstrong's podcast and his insights will likely be among the most followed and talked about in popular culture – no matter that a significant portion of the cycling press ignores him or wishes he would leave the sport alone (or worse). He would stand to lose much of his cultural relevance and potential income if the sport burned down around him.

So, the sport of men's pro road cycling will continue on its merry way, dancing on pins and needles at the moment in anticipation of the outcome of Chris Froome's problems, and awaiting that likely intermittent stream of doping positives from riders big and small for years to come. In the wake of USADA's Reasoned Decision, the "Armstrong Era" was largely responsible for the convening of the Cycling Independent Reform Commission, and was rumored to be a factor in the turnover of USA Cycling's leadership. It also forced the sport to reflect on whether or not its anti-doping system is working, whether the right people are leading the sport, and whether the sport's business and governance models are broken. Many people whose lives were upset by Armstrong's actions and retaliations will likely never exact retribution equal to their suffering.

In the wake of all that turmoil, turnover, expense, heartburn, apology and legal embattlement, one party not turned inside-out by Armstrong's actions and legacy in the sport is Armstrong himself. Armstrong will continue to be a reference point in men's pro cycling, and will likely play a significant role, for better or for worse, in the future. By settling the Federal lawsuit for a relative bargain, Pascal's Wager was Armstrong's safest bet.

Joe Harris and Steve Maxwell, June 13, 2018 [The Outer Line](#)