

*Society for the Study of  
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*Number 22*

# THE SOCIETY FOR THE STUDY OF GAMBLING NEWSLETTER

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The Editor welcomes unsolicited manuscripts, correspondence, book reviews and other items  
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## **THE SOCIETY FOR THE STUDY OF GAMBLING**

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The Society for the Study of Gambling was formed in 1977 to provide a forum for those concerned with research into gambling, to promote its scientific study especially as far as the psychological, social and economic aspects are concerned, and to inform the public about these matters.

The membership of the Society is drawn from a wide circle of people who have an interest in various aspects of gambling. They range from social workers and psychiatrists who deal with "compulsive gamblers" to members of the commercial gambling industry. It is a condition of the Society that there should be freedom of opinion and practice among its members, so that the Society does not take any particular stance in relation to gambling.

The Society holds regular meetings twice a year in London. Further details are available from the Honorary Secretary.

Papers are reproduced in the Newsletter as a record of the Society's meeting, and/or at the invitation of the editor, and are not intended as an alternative to publication in a learned journal. Any of the Standard reference systems is acceptable.

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## EDITORIAL: GAMBLING - THE TIMES THEY ARE-A-CHANGING

**Mark Griffiths, Psychology Department, University of Plymouth**

I must apologise for the late arrival of this edition of the SSG Newsletter. This is the first of two Newsletters you will be receiving in very quick succession (the next of which will be a "special" issue written by Gordon Moody, one of the Society's founding members). I can offer little in the way of an apology for the delay except the usual excuse of "pressure of work" and other seemingly more urgent commitments. I hope you can all forgive this laps (although I cannot promise it will never happen again!).

My second apology is that I did not get to the last SSG meeting so I cannot give those people who did not attend a detailed overview. However, I can give you a flavour! After the annual general meeting there was a session on "Perspectives on a State Lottery for the UK" from which a couple of papers are included in this Newsletter. The Society also managed a "scoop" by getting the economist Professor Bill Eadington (who many Society members will either know or have heard of) over from the States to add his comments to the session. In the afternoon there were two individual papers by Justine Huxley (on "Aspects of female gambling") and Mary-Ann Hushlak who gave a talk on her personal experience as a former blackjack player. I hope to be including these papers in a future Newsletter. Anyway, by all accounts it was another excellent meeting and praise must once again go to our Secretary (Sue Fisher) who is going from strength to strength in her voluntary role.

Since the last issue of the Newsletter, things seemed to have been fairly active on the gambling front. The proposed National Lottery never appears to be out of the news and the Government are keen to introduce Sunday betting, evening opening in betting shops, and snack and refreshment facilities into the betting shops. All of these measures when taken together seem to give the impression that we British just cannot get enough in the way of gambling. Whether these measures are merely being introduced to satisfy a natural need or whether they will in fact stimulate gambling *per se* (the latter of which is in contravention of the Government's own policy) remains to be seen. I also noticed that technology is being brought into the betting shops here in the UK in the form of a touch sensitive betting terminal. The terminals consist of a touch sensitive betting screen which allows punters to compile bets of any complexity. The device is user-friendly, takes your money and gives you a betting slip. A number of betting chains (Ladbrooks, Hills, Coral and The Tote) are expected to conduct trials of the terminals in the near future.

This issue of the Newsletter brings together a wide range of articles which cut across the spectrum of gambling. As mentioned above, two articles cover different aspects of the National Lottery ("Perspectives on a State Lottery" by Anthony Fry and "The National Lottery and its likely impact on the charitable or voluntary sector" by Margaret Bolton) - an issue which will get plenty of airing over the next few years. Mark Colon, a regular at SSG meetings, provides us with a paper he presented at a previous meeting entitled "The politics of betting in the UK: The punter's perspective", which is as we've come to expect from Mark a well argued piece on how and why bettors' concerns are being ignored. A paper by ex-Chairman of the Gaming Board, Norman Ward-Jones (appropriately entitled "My time at the Gaming Board"!!) gives Norman's personal and professional account of his years in service. The final paper in this issue comes from Igor Kusyzyn whose work us academics will be very familiar with. I am delighted that Igor has chosen the Newsletter to air his rather novel approach to "treating" compulsive gambling ("The surrogate bookmaker strategy for problem gamblers"). I will not give the game away by summarizing Igor's method. Suffice to say it is a novel (and some might say controversial) approach in the rehabilitation of problem gamblers.

Finally I'd like to give a plug for two upcoming conferences. The first of these is one which many of you will be aware of and is the Ninth International Conference on Gambling and Risk Taking which takes place from May 31st to June 4th (1994) in Las Vegas, USA. Further details can be found at the back of the Newsletter. The second conference is not until 1995 and

will be the inaugural conference of the European Association for the Study of Gambling which has been set up by ex-SSG chair Iain Brown, current SSG secretary Sue Fisher and SSG member Bernard Polders. If all goes to plan, it will be taking place on 6th-9th July 1995 in St. Johns College, Cambridge. I will bring you further news as I get it.

Once again, sorry for the delay in getting this issue to you.

## PERSPECTIVES ON A STATE LOTTERY

Anthony Fry

N.M. Rothschild & Sons Limited

One of the most interesting if regrettable features of the national Lottery since the White Paper was published in March 1992 has been the dominance of issues relating to the spending of the proceeds arising from a successful lottery, with comparatively less attention on how the lottery will in practice operate so as to generate the much argue over proceeds.

The Government's decision to hypothecate the proceeds to "good causes", identified (and specifically extended to include charities) before the practical issues had been discussed, understood and established, has inevitably created a political environment in which expectation may exceed, possibly substantially, the realistic outcome. Erroneous extrapolation of structures from overseas lotteries, operating in very markets, has often led to over-inflated assumption as to the likely revenues for the National Lottery, particularly in the short term. Disappointment at the out-turn may lead to undue pressure on the Secretary of State and the Director General of OFLOT to meet the requirement under the Bill to ensure that, subject to propriety, "the net proceeds of the National Lottery are as great as possible".

From the view point of potential holders of the licence(s), the maximisation of net proceeds is clearly a desirable lever which can be pulled to justify, for example, the introduction of new games; and, in seeking freedom to expand the lottery market, the licence(s) holder will be initially supported and encouraged by the "good causes" lobbyists anxious to increase their own revenues from the greater net proceeds so generated.

This is somewhat counter intuitive, particularly since many of the champions of the "good causes" have argued strongly in favour of controls on the extension of the National Lottery beyond the weekly draw, lotto style into, for example, instant games; often on moral grounds or, so it is argued, to protect the existing beneficiaries of scratch card games. Those arguments will fall away, however in the desire to maximise proceeds. Having conceded hypothecation to powerful lobby groups and allowed the debate to be dominated by the spending rather than the generating issues, the Government will find it difficult to resist pressure to extend the reach of the National Lottery. Ironically, there is no reliable evidence that the link of the National Lottery to "good causes" will make any substantive difference to the revenues which the lottery will raise.

It would however, be wrong to see the "good causes" as a Trojan Horse for a massive extension of gaming, as has been the case in many states of the USA. The United Kingdom already has an extensive and sophisticated gaming market, offering a wide range of readily available products and it is difficult to envisage noticeable, let alone detrimental, social or economic effects in the introduction and promotion of one or more lottery games. Indeed, it could be argued that pursuit of more forward looking policies and practices by existing gaming companies, such as the football pools, in the 1980's would have rendered a National Lottery unnecessary.

That the National Lottery will require extensive marketing and promotion if it is to succeed, is, of course, undoubted - restricting the ability of the operator(s) to promote the National Lottery and actively encourage participation would undermine its revenue potential. This does represent a departure in the Government's policy towards gaming, notwithstanding the description of the National Lottery as "a harmless form of entertainment". This departure however, does not, as has been depicted, represent the opening of the gaming floodgates; but there is no question that the future ability to control gaming policy will be constrained politically by the "good causes" lobby.

As with the public debate to date, none of the foregoing touches on issues such as the type or frequency of lottery or games within that lottery which will be appropriate for the United Kingdom market; how the National Lottery will be advertised, marketed and promoted; where

the tickets will be sold or games played; the structure of the prize pools; the way in which regulation will be administered; the security arrangements; or the appropriate timetable for the launch of the national Lottery. Concentration on how monies yet to be generated will be spent, and on the supposed impact support of a yet to be established National Lottery on other well-established forms of gaming, notably the football pools, has meant that, after nearly 15 months of discussion, in parliament and outside, there still appears to be little comprehension outside a small social circle with HM Government and some potential licensee(s) holders of how this substantial multi-billion pound business will be awarded, established and operated successfully into the long term.

Anthony Fry is an Executive Director of NM Rothschild & Sons Limited which has been studying and advising on how to establish a National Lottery since 1986.

# THE NATIONAL LOTTERY AND ITS LIKELY IMPACT ON THE CHARITABLE OR VOLUNTARY SECTOR

Margaret Bolton

## National Council for Voluntary Organizations

In March 1992 the Government published a White Paper setting out its proposals for the creation of a National Lottery. The White Paper says that the main aim of the Lottery is to raise money for 'good causes'. It identifies the beneficiaries of the Lottery as art, sport, heritage and 'charities'. The White Paper points out that national lotteries have a long history in this country. The first was run in Britain in 1569 to raise money for the Cinque Ports. Lotteries were generally speaking an annual event until 1826 when the Government stopped running them because 'of the social evils that were their constant and fatal attendants'.

In 1978 the Rothschild Royal Commission Report on gambling recommended the creation of a single national lottery with proceeds going to sport, the arts and other deserving causes. In 1991 Ivan Lawrence introduced a private members Bill proposing the National Lottery. The Bill was defeated in January this year, it suggested that 90% of net revenues should be spent on the arts, sport and heritage. Charities would receive no more than 10%. The proposal for a Lottery surfaced again in the Conservative Party manifesto which repeated the four beneficiary categories of the Lawrence Bill and also introduced a new beneficiary category: The Millennium Fund. A Fund directed at projects of lasting benefit to the nation. Examples of the projects which might be funded under such a head were identified as Manchester's bid for the Olympics and a bursary scheme for volunteers. It was implied but not stated that decisions regarding the use of this Fund would be made directly by government.

After publication of the White Paper, the NCVO consulted widely with its member organisations and produced a submission to Government setting out the sector's concerns. Voluntary sector groups expressed anxiety that a Lottery could potentially:

- 1) result in a reduction in voluntary sector income and
  - 2) have adverse social effects which would increase demands on voluntary sector services.
- 1) Organisations are concerned that the Lottery may reduce charitable donation income. This effect will probably be exacerbated to the degree that the scheme is promoted as a scheme to benefit 'good causes'. There is particular concern that the Lottery may effect voluntary sector income from raffles or small lotteries. The competition from a big prize National Lottery may result in reduced ticket sales. A further concern around funding is that lottery proceeds may provide an excuse for central government and local government to reduce grant aid to voluntary organisations. This seems more likely given right curbs on public expenditure. A major question is: Will voluntary organisations be compensated for this potential loss and will the Lottery provide any new money?
  - 2) Many research studies, including our own study commissioned from NOP suggest that poorer families will spend a larger proportion of their income, on average, on National Lottery tickets than higher income groups. Voluntary organisations have also expressed concern about the Lottery's potential to encourage addictive play. In the view of our member organisations games should be organised as to guard against this danger.

### The NOP Survey

The survey was commissioned by NCVO from NOP (National Opinion Polls), and was carried out in May this year. 1909 interviews were conducted with a representative sample of the adult population. Respondents were asked to assess the likely impact of the Lottery on their

charitable giving, about their giving to charity over the last month, their level of interest in buying lottery tickets and what effect expenditure on tickets would have on their giving to charities. We all know that asking individuals to predict their future behaviour is problematic, but it does represent the best assessment we could make in the circumstances of the likely impact of the Lottery on charitable donation income. Using the data provided by the survey, we developed scenarios about how people might change their giving behaviour. In developing these scenarios we made a number of assumptions.

Individuals were asked if expenditure on the National Lottery would replace, slightly reduce, considerably reduce or increase their giving to charities. Percentage reductions were attached to these statements. Almost a third of 'givers' were unable to predict what effect the availability of National Lottery tickets would have on their giving. For each scenario different assumptions were made about the behaviour of this group. The realistic scenario and the one we decided to publicise was that 50% of this group would reduce their giving by 50%. This would result in a net loss for the sector of around £230 million per annum.

In making this calculation we bargained on the fact that those who say that they do not know what effect the National Lottery will have on their giving are likely to be less committed givers than those able to say definitely that their giving will not be effected. In using this method for assessing the behaviour of the 'don't knows' we adopted a method similar to that used in a Henley Centre report assessing the likely impact of the National Lottery on the gambling industry. The assumptions we made about people's behaviour were however more cautious than those made by Henley.

The survey also collected information about projected expenditure on National Lottery tickets, and the public's perception of good causes. Those questioned predicted that they would spend £2.02 on average on Lottery tickets each week if tickets cost £1 each. Based on this figure we estimate that the Lottery will raise between £1.7 billion and £2.9 billion per annum. If as suggested in the White Paper one third of the proceeds are made available for 'good causes'. Based on our figures between £570 million and £990 million may be available for distribution to sports, arts, heritage, charities, and the Millenium Fund. It is worth noting however that it remains to be seen whether 'good causes' will receive the third of the proceeds mentioned in the White Paper. Recent press reports suggest that after taxation, prizes and administrative expenses are taken into account 'good causes' will only receive 15% of Lottery proceeds. This 15% split between 5 beneficiaries would not be the enormous bonanza that some are hoping for. Assuming an equal five way split we estimate that it would result in an allocation of between £50 and £90 million per annum in total to the broader charitable or voluntary sector (that is the sector excluding arts, sports and heritage organisations). *This would not be sufficient to compensate the sector for the predicted loss in income.*

Broadly our current lobbying is concentrated on ensuring that the maximum possible amount of Lottery proceeds are available for 'good causes'. We are therefore lobbying for the taxation rate on the Lottery to be kept as low as possible and for the Millenium Fund share of resources to be limited. We also hope that we can persuade government to compensate charities and other voluntary sector projects for income lost as a result of the Lottery through granting additional fiscal relief to the sector by for example introducing a VAT refund scheme. If compensation could be achieved in this way then Lottery money would prima facie represent new money for the sector.

### **The Public's Perception of 'Good Causes'**

I mentioned that the NOP survey also examined the public's perception of 'good causes'. A range of 8-28% of those questioned considered a variety of arts, sports and heritage projects (ranging from refurbishing a theatre or opera house to restoring buildings of historic interest) as either an excellent or a very good cause. A range of 51-86% of those questioned however considered a variety of other charities and voluntary sector projects (ranging from services for AIDS sufferers to raising money for medical research) as either an excellent or a very good cause.

This demonstrates the public's current perception of the term good cause - a further anxiety of the groups that NCVO represents is that a National Lottery for 'good causes' will help contribute to gradually changing the public's perception of what constitutes a good cause. People may as a result of the Lottery be more inclined to think of the arts, sports and heritage as 'good causes'. From the point of view of the groups NCVO represents this may mean increased competition in fundraising and may be a further and hidden threat to the future financial security of the sector.

### **Central and Local Government Grant Aid**

A major issue for the sector is however the possible reduction in state support for voluntary organisations because of the availability of Lottery proceeds. While the White Paper asserts that "the government does not intend that the money provided from the Lottery should substitute for that provided in other ways", evidence from abroad suggests that Lottery proceeds could result in a falling off of state support - this has been the case for example with many lotteries providing earmarked funding for the arts. Given all these concerns you might think that the voluntary sector would be opposed to the National Lottery. The stock statement that we use is that the sector is not 'opposed in principle to the setting up of a National Lottery' however it does have concerns and we hope that these will be addressed in the legislation.

## THE POLITICS OF BETTING IN THE UK: THE PUNTER'S PERSPECTIVE

Mark Caton

### National Association for the Protection of Punters

What I'd like to do is to explain where and how I think the punters fit into political equation, if you like, and perhaps to put some arguments as to why I think it is desirable that steps are taken to look after our interests. When considering racing politics, whether it is the breeders', the bettors or anybody else, it is vital to take an overview in order that we may understand exactly where everybody fits in. Try picturing a straight line. At one end of the line comes the racing and breeding industries. I put them together as one. Until recently racing and breeding were effectively governed by Jockey Club, but from next year the British Horseracing Board is to take over. The BHB will have a broader range of interests that will be represented. I don't want to comment on that here except to say that it is a positive development and that it is precisely because of this that the BHB will have a very difficult task in getting racing moving. What we do not want is for those letters BHB to end up standing for Been Here Before.

So we line up the racing and breeding industries together at one end of my line. At the other end of the line comes the bookmakers, everybody from Ladbrokes and Hills with nearly 2000 shops each, to the tiny independent with just one. So a straight line. Racing at one end and the bookmakers at the other. You might light to think of the two as bruisers approaching each other for a fight. Bang in the middle come the punters. Best to start with the man or woman walking into a betting shop to place a bet. Best estimates suggest 1m individuals do this at least once a week, and anything up to 6m on Grand National. Talking about wide range of people, all ages, backgrounds etc.

Now you may say, these punters are no more than consumers like you and I going into Sainsbury's on a Saturday afternoon. We don't expect to appear at Society for the Study of Gambling meetings having bought a can of corned beef, although I might say we expect the product to be fresh and a fair and proper price to be charged for it. But with betting there are important differences. Each time you have a bet, you have to deal with "betting tax". This tax can either be paid on with stake, or deducted from winnings. Say I want to place a bet of £10 to win in a betting shop, I can either pay my tax "on" with my stake, a pound, or choose to have ten per cent deducted from any winnings. If my horse wins at 2-1, "tax" will be £3. What we should really be calling this tax, is "deductions made by the bookmaker". The bookmakers have total control over rate of deduction made in his shop. He can, for instance, offer "tax free" bets, or they can choose to impose a rate of deduction greater than that taken at present, say 12 per cent. This is what the bookmakers always threaten punters with when racing makes its sometimes grandiose claims for more money.

As it is, most bookmakers impose a deduction rate of ten per cent. They do so because demands are made upon them from two official bodies: The Inland Revenue, and the Horserace Betting Levy Board. Just these two. If representatives of the bookmakers had been here a couple of year's ago they might have tried to bamboozle us with a litany of other demands made upon the bookmakers, VAT for instance. But the Home Affairs Committee 1991 (HAC) put a stop to these smokescreens in their report last year when the accused the bookmakers of being "less than honest" over deductions and of making "indefensible justifications" for their imposition. I want to make this quite clear. As far as deductions are concerned, the bookmakers have to deal only with the Treasury and the Levy Board. Any money they retain having met their requirements is pure profit. Naturally, being bookmakers, they have found a way to make a profit out of deductions from the punters.

The amount yielded from deductions this year will come to roughly £560m. Of this roughly £475m will go to the Treasury, £46-48m to the Levy Board and the rest, some £35-38m, will be retained by the bookmakers as profit. This is the vital interchange if you like. I believe that it is precisely because such large sums of punters' money are involved that it is vital, and wholly equitable, that the punters' view is both sought and considered: that we are not seen as mere hobbyists, fiddling on the fringes.

Let me start with the Treasury. Every now and then the two bruisers, racing and the bookmakers, take off their gloves and hold each others' hands like children in a playground crocodile. We have the spectacle of Tom Kelly and Lord Hartingdon getting together and wandering into the Chancellor's office to plead for more. This year, no doubt thanks to the recommendations of the HAC in their excellent report, the Chancellor cut the rate of betting duty by a quarter of one per cent. The beneficiary of this cut will be racing. In effect, the Chancellor diverted around £10-12m from the Treasury to the Levy Board, whose functions I will come to in a moment

The punter gained no direct benefit from this move at all, the pound in our pocket, as Mr Wilson would have said, was unaffected. In fact betting duty had risen on five consecutive occasions since its introduction in 1966, when it stood at 2.5 per cent. It is now 7.75 per cent. So broadly, the two bruisers haven't done much of a job on our behalf in all their other meetings over the years. How much better it would be if the punters had somebody in the delegation who could perhaps point out how popular a cut might be, with at least 1500 regular punters in every constituency, including the marginals. I know politicians are seldom swayed by such arguments, but you never know...

Now I want to come to the Levy Board and its functions. The Levy Board is the body which spends our money on behalf of racing. The Levy Board has three statutory duties: the improvement of horseracing; the improvement of breeds of horses; and the advancement and encouragement of veterinary science and education. Next year, as I said, it is estimated they will have around £46-48 million of punters' money to spend on those functions. That money will have come entirely from punters' deductions in the betting shops. I do want to stress this point. The off-course bookmakers do not contribute a brass farthing to the levy. When we see headlines, indeed claims from the bookmakers, about how much more/less they should pay, we should remember that.

Who sits on the Board. Let's go round the table to see who spends the punters' money. There are three independent members, including the chairman, Sir John Sparrow. There are three members from the Jockey Club, there is a bookmaker, and there is one other figure, we can just about make out babbling from behind a wall of expensive Cuban cigar smoke. That's Lord Wyatt of Weeford, the current chairman of the Tote and, we hear, the incumbent for another two years. Quite how many cases of champagne the big bookmakers have got through since hearing of the decision I dread to think...

You will note that there is nobody on the Board with a brief to speak on behalf of the punters. The independent members are as their names suggest. Sometimes one feels they are there purely to adjudicate between the squabbling bruisers from racing and betting. I repeat there is nobody on the Board who could have been recognised by punters as there to speak up for them as the HAC suggested there should be. It might be somebody with a proven record in the consumer field, maybe a former chairman of the National Consumer Council.

I wrote to the Home Office inquiring into whether they had any plans to follow up this particular HAC proposal. I received a reply stating i) that the Government considered 'punters' interests are adequately represented on the Board as constituted at present, ii) that it would be "undesirable" for there to be a Government-appointed member who would act other than impartially, iii) if racing and bookmaking were willing to agree to concede one of its seats on the Board to a punter representative such a move would be considered.

My question is this, Since when were racing and betting able to agree on anything, let alone giving up one of their precious seats on the Levy Board? Rarely indeed. This has been one of the abiding problems facing the racing industry in particular, the sheer inability of the two sides to get around a table and put aside their differences and find some common ground. As it is, both sides are rather more active in claiming they know best when it comes to the interests of the punters. I give you two examples.

Each year, as you may know, the two sides lock horns in an attempt to fix the next year's Levy rate. In other words how much are the bookmakers prepared to hand over to racing from the deductions they have made from punters. The racing papers have been full of the familiar sniping accusations between the two bruisers in recent days. Punters are excluded from these discussions, despite the fact that it is our money which is up for grabs. I liken the situation to that childhood game we used to play. I forget the name, but you remember how it goes. The stone, paper, scissors. The paper wraps the stone: the stone blunts the scissors and scissors cut the paper. All nice and fair, nice and harmonious. I see the punters as the paper: racing as the scissors; and the bookmakers as an even bigger pair of scissors. They are all their, hacking away to get their share. In their now infamous submission in 1991 "The needs of racing: a fair price for racing's product" the racing industry demanded a near three-fold increase in the Levy, from around 34m as it then was to £100m.

In the pages of this document, the punters on my count get about three mentions, including page 23, item 4.14.

Quote: All the proposals outlined could, in our view, be implemented without the need to resort to an increase in deduction to the punter."

No justification was made for this claim. There were figures on just about everything else, but nothing on this issue. Of course as anybody with a gram of knowledge could have told racing there was no prospect of deductions not rising under the grandiose demands. Now a memo from BOLA, the big bookmaker's trade association, to HAC.

"It is not our intention to plead altruism, but it remains a fact that in areas of taxation, security and integrity the interests of the bookmaker and his customer invariably coincide."

Dwell on that. An altruistic bookmaker. I've certainly never met one. I shall not recall that this was the body which refused to pay out on the Jo N Jack case recently, then went into hiding as various fruitless inquiries took place at taxpayers expense. But considering how well the bookmakers exploit deductions for their only benefit it really is rather rich for them to claim such common ground. Quite rightly the HAC took them to task for peddling such dangerous nonsense. So the punters are the losers all round. I don't expect you to shed any tears for that, but I do ask you to consider one vital point. Racing has run into crisis because of the intransigence of the two sides who have failed to get together to fight in the many areas where there is common ground.

I believe they have done this because there has always been the soft option of charging the punter, of letting the man and woman in the street pick up the bill. I think the Jockey Club has been particularly guilty here, and quite frankly the efforts they made to grasp the essentials of betting until very recently were negligible. The punters do not mind paying out money so that the Levy Board can fund fixtures, look after the security of racing and long-term future of the breed. You might like to know that punters' money funds grants to numerous Horse and Pony societies, and the Animal Health Trust, as well as much veterinary research and education. But we do feel it is both equitable and desirable that punters are given their say; that a percentage of our money is put aside to protect and advance our interests.

With this in mind we have twice asked the Levy Board to allocate funds in order to set up an official body to work on behalf of the punters. They have twice refused. We have also written to the Home Office and the Lord Chancellor pointing out the utter lack of protection offered to punters by the law. I ask the Home Office why they are so keen to protect us punters from ourselves but not from incompetent and unscrupulous bookmakers, some of whose practices send a shiver up the spine. It is early days, but hopefully forums such as the Society for the Study of Gambling will help get the punters' interests onto the agenda, which was my aim and purpose.

(This paper is the text of a talk given to the Society for the study of Gambling which accounts for its more "informal" style).

## THE SURROGATE BOOKMAKER STRATEGY FOR PROBLEM GAMBLERS

Igor Kusyszyn,

Department of Psychology  
York University, Toronto

This paper proposes a possible solution to one of the problem gambler's major problems - holding onto his money. (Although the suggestions given in this paper apply to either sex, the author prefers to refer to the compulsive gambler as a male since over 90% of them are males).

In the gambling literature, the gambler has usually been labelled as compulsive because he repeatedly loses all of his money. He loses grocery money, rent money and borrowed money. When such a loser is discovered he is always diagnosed as a problem or "compulsive" gambler - as a person who has a compulsion to gamble and as a person whose gambling interferes with normal day to day living. It is a curious fact that other gamblers who gamble as frequently as compulsive gamblers - addicted gamblers -, but who either (a) can afford their losses or (b) don't lose but break even (social gamblers) or win (professionals), are not considered compulsive. I am willing to bet that a significant percentage of such gamblers are in fact compulsive or addicted in that they possess many of the same psychological characteristics as the compulsive loser but are not losers. That is, they are like most gamblers except they either don't lose or can afford their losses so that they don't bother other people, especially the immediate family.

What then is the difference between a "normal" gambler and a problem gambler if it is not the magnitude of their losses? Conceptually, the real difference probably is that the ordinary gambler can stop gambling anytime he wants to, but the compulsive gambler cannot voluntarily stop his gambling. Demonstrating such a difference in willpower empirically, however, would be extremely difficult. I know horseplayers who must go to the track every day but they either break even, win, or can afford to lose the amount they lose. They must gamble daily and feel restless and uncomfortable when they miss a day. Are they compulsive? Maybe. But they are certainly players who enjoy their hobby. Is a person who is addicted to their hobby - any hobby - compulsive? Is a gambling compulsion unhealthy even if it is the way a person experiences a sense of accomplishment or well-being? (See Kusyszyn, 1976; 1978; 1980; 1984; 1990; and Kusyszyn & Kallai, 1975). I don't believe so.

I am absolutely convinced that most of the compulsive gambler's personal, social and family problems are not caused by his compulsive gambling but by his compulsive losing of more money than he can afford to lose. It seems, therefore, that if there were a way in which the compulsive gambler's money could be kept in the family many of the family's financial and other related problems would be greatly reduced.

The strategy which I propose - the surrogate bookmaker strategy - is for the gambler to make his wagers with his spouse, or with a relative or any trusted person, rather than making his wagers at the racetrack or with his bookmaker. This strategy permits the gambler to gamble (which he must, being compulsive) and also allows for the money he loses to remain in the family. It is estimated that approximately 80 percent of compulsive gamblers are horse players, dog players, or sports bettors; the other 20 percent of compulsive gamblers are casino gamblers and card players. My strategy would apply to all gamblers who wager on races and to those gamblers who wager with a bookmaker, whatever they may be wagering on. That is, where the gambler places a bet on an event is where this method would be applicable rather than where the gambler plays in a casino or in a card game where others are involved.

This strategy could be initiated and monitored by a therapist, a marriage counsellor, a minister, or any other responsible caring person. It need not be restricted to the spouse. The variations in implementing this strategy are many. The procedure for the strategy will now be described. In the beginning the spouse may ask her husband to allow her to cover or book only his most

risky wagers or his smallest wagers. (From the authors personal experience with gambling and gamblers he has seen that most gamblers don't mind if another person covers their small "action" or "fooling around" wagers, provided they know they will get paid immediately should they win). Now, let us get down to the actual rules of the strategy.

- (1) The wife must always and immediately pay the husband the exact amount of his win when he wins. In the case of horse racing, if the horse pays \$8.00, then the husband gets \$8.00 for every \$2.00 that he wagered. The wife "books" his bets and pays him in exactly the same manner as would his bookmaker. She becomes his bookmaker.
- (2) At the beginning of the programme, the bettor must wager his money ahead of the gambling event. That is, he must deposit the amount he is betting with his wife before the race is run or the football game is played. He is not allowed to bet on credit (We wouldn't want him to cheat her now, would we?)
- (3) Once the bettor loses all of his betting money then he should be allowed to make wagers on credit. However, at first he should only get a certain amount of credit, (the same amount that his bookmaker would give him would be a good amount to begin with). If he should win while wagering on credit, he would get paid only if his previous gambling debts were settled - in the same manner as he would settle them with his bookmaker.
- (4) If the gambler is a horse player who places his bets at the racetrack, the wife should go with him to the track and receive his bets before each race in the same manner and at the same time as he usually makes them. (Some bookmakers accompany their clients to the racetrack). If the wife works I suggest that she get a representative to go with her husband even if she has to hire one. This could be a friend or a relative. If there are small children in the family, I suggest that a babysitter be hired for the few hours that it takes to be at the racetrack. The expenses for hiring a representative or a babysitter will be easily covered by the husband's losses.
- (5) The wife should have an adequate amount of capital on hand at the beginning to cover her husband's winnings just in case he should have a streak of good luck, even though a winning streak for a compulsive gambler is always very short. It can be shown mathematically that if the wife has approximately twenty times the amount of money that the husband usually wagers per bet, then the chances of her husband losing all of his money before winning hers are greater than 99%. This calculation is based on the 15% average advantage which the bookmaker or the racetrack usually has. That is, if the husband's usual wager is \$2.00, she should have a bankroll of \$40.00 to cover herself. If the husband is a bigger bettor, betting in twenty dollar units, then it may be difficult for the wife to get \$400.00 to cover herself. In this case, I suggest that she borrow the money even if she has to pay a high interest rate. If the husband is a compulsive gambler, I guarantee that she will very, very quickly win all of his money and should be able to replay the borrowed amount within two or three weeks of the start of the strategy.
- (6) Under no circumstances should the wife return to her husband the money which he has lost. However, the money can and should be used to pay the bills, for household items, for clothing, and for other necessities. Part of it can also be saved for large purchases in the future such as a refrigerator, a car, or a house.
- (7) The wife must keep an accurate and detailed record of every wager that her husband makes - the denomination of each wager, whether it was won or lost, and the amounts involved. The couple should together specify a certain time of the week, Sunday for example, during which they would both meet and go over the records to see how much money has been won and lost in that particular time period. In this way the husband would very quickly see the rate at which he is losing money, and see exactly how it is being lost. He may also discover that certain types of wagers lose less often

than others (bets on racetrack *favourites*, for example). He may want to use such information to improve his betting. What should be stressed here is that the wife and husband try to look at these figures objectively and in a cooperative manner rather than the wife confronting the husband with his losses. This will not be an easy task for either party.

The above suggestions may sound unorthodox to the clinical psychologist or to the psychiatrist who has dealt with compulsive gamblers. However, it is well-known that the degree of compulsivity varies among individuals, some gamblers being more compulsive than others, and also that gamblers vary in terms of their motivation to stop their gambling. Some gamblers who lose money in gambling, whether they be compulsive gamblers or not, may take advantage of the surrogate bookmaker strategy in order to continue the activity which they enjoy and eliminate all of their losses at the same time. In this way they can have their cake and eat it too.

The author is well aware that it will not be as exciting for most gamblers to bet with their wives as betting with their bookmakers or betting at the racetrack. When the gambler loses to his wife not only does he lose money but he also loses face. Other psychological losses for him will be the fact that he cannot "beat the bookie" or brag to his friends that he picked a long-shot or won a large Daily Double because he is simply winning from his wife. Also, perhaps the gambler at the racetrack enjoys the process of purchasing mutual tickets, having them in his pocket, handling them, and then cashing them on the rare occasions that he wins. The point I am trying to make here is that it is realized that a lot of social, psychological and other vicarious pleasures which the gambler obtains from his usual forms of gambling will no longer be there for him when he bets with his wife. However, if the individual admits, as most gamblers will, then he gambles for two reasons - for the fun and for the money - then he may be persuaded to try the surrogate bookmaker strategy.

If the gambler can be persuaded to try the strategy, and once the kinks are ironed out so that the process appeals to the individual's tastes and particular style of betting, he may get to like the idea of the fact that he can gamble all he likes and never really lose. There are also many variations possible which may be tried in consultation with the gambler. For example, the offer of a rebate of ten or twenty percent of his losses may be enough incentive for the gambler to try the strategy. (Some bookmakers routinely give rebates to their best clients - their biggest losers - so as not to lose them). Another variation would be for two or more compulsive gamblers to bet amongst themselves, that is, to book one another's bets. In this way no one would lose. The money would simply be continuously changing hands. This could best be applied in a group therapy situation with a leader to keep track of the betting.

The end result, hopefully, of the strategy being proposed here would be that the gamblers would become aware of the futility of their gambling, would become satiated with gambling, constantly losing, and never actually achieving anything. Thus the strategy would take the excitement out of the activity. The hope of winning would evaporate. Consequently, the gamblers may turn to other more satisfying and more productive pursuits.

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## **MY TIME AT THE GAMING BOARD**

**Norman A. Ward-Jones**

**Ex-Chairman of the U.K. Gaming Board**

I have called my paper 'My time at the Gaming Board' which gives me plenty of licence, but its hard to try and condense over 8 years at the Board into a short paper. I decided to write about some things, you may possibly not know, with a personal touch.

### **Who is the Board?**

The Chairman and all Board Members are appointed by the Home Secretary. The post of Chairman is supposed to be part-time, averaging three days per week. I found it a little more exacting. There have been five chairmen so far, Sir Stanley Raymond, Lord Allen of Abbeydale, Sir Anthony Rawlinson, who sadly died after less than a year in post, myself, and I have been succeeded by Lady Littler.

There are four Board Members, again part time, averaging 2 days per week, but certainly more on occasions. One member has always been a senior retired police officer, who has special responsibility for the Boards Inspectorate. One member who is an accountant, often one with Scot's connections, whose special responsibility is financial affairs and lotteries. One member since 1976 has been a lady, normally a J.P. who has been again usually on a Gaming Committee of Justice. She often takes special responsibility for Bingo. There is also one other member.

When I joined the Board I was that other member, and took special responsibility for Gaming Machines. Board meetings are held monthly and August is generally, but not always, excluded. The Board meets on other occasions when circumstances require.

A wide variety of topics are discussed, options considered and decisions taken. The Board also has professional advisors, solicitors and accountants. A Panel of the Board meets at least 3 times a month to consider a variety of cases, such as revocation of Section 19 Certificates and Section 27 Machines Licences, and Certificates of Consent. The Panels are an exacting part of the Board's duties. Sometimes cases last a full day or more. Sometimes 4 or 5 are heard in a day. The Board has Annual Meetings, sometimes more, with the various Trade Associations, and pays visits to various Gaming Premises. The Board's Staff, which number around 40 are all seconded from the Home Office. The Secretary is the most senior, and is a Grade 5 Civil Servant of considerable experience and ability. He represents the Board on many occasions. Under him there are heads of departments, casinos and bingo, machines and lotteries, and accounts.

I am pleased to say that we do get volunteers from the Home Office for a tour at the Board, usually a three year tour, and staff are promoted from the Board. I have been most impressed how quickly they all learn about their new job, and generally I have a high regard for their keen attitude and efficiency. Then there is the Board's Inspectorate. The Senior Member is the Chief Inspector, who is responsible for the Inspectorate and the performance of their duties. He has under him a Deputy Chief Inspector. Both are stationed at the Board's Headquarters. In addition at HQ, there is a Machines Inspector, who ranks as a Senior Inspector, who specialises in Gaming Machines. With the high technology these days, it is a very responsible and technical post.

There are five Regional Offices of the Inspectorate:

London and the South East	based in London
Scottish and North	based in Edinburgh
North West and North East	based in Manchester
Midland	based in Nottingham

Each Regional Office has a Senior Inspector and four or five Inspections. Inspectors are mainly former police officers or from the armed forces. Later in this paper I will deal in more detail with their duties.

### **Some of the things the Board does**

*Self Regulation* - with such a small inspectorate to cover England, Wales and Scotland, the Board relies a great deal on self regulation. This is by the individual operator himself who knows the rules, and more particularly with the Trade Associations, which again are an integral part of self regulation. The Board of course often looks at things from a different point of view to the Associations, but almost always in the end we reach an acceptable compromise. I value highly the Board's relations with these Associations. Let me say a more detailed word about them.

#### (i) *The British Casino Association -*

This deals with Casinos. In my time the Association has had very distinguished Chairmen of their Council. Firstly the late Field Marshal Lord Harding, and presently Lord Harris of Greenwich. The Council consists of Casino owners and operators. Officials of the Board meet frequently with Council members, and a variety of topics are discussed. Various Codes of Conduct and Guide Lines have been drawn up which are very important. The Board meets at least once a year. I had several meetings with both chairmen on various topics. I found them extremely helpful and very useful.

There are approximately 120 Licensed Casinos. The drop in 1991/1992 was £1914 million. 63% of the drop is from some 20 Casinos in London. You can see it is a very substantial industry.

#### (ii) *The Bingo Association of Great Britain -*

This deals with Licensed Bingo. The Association raises hundreds of thousands of pounds annually for charity a very creditable achievement. I believe the Bingo Industry fills an important part in very many peoples social lives. Some small clubs are a veritable life line of entertainment in some places. Sadly some of them are slowly disappearing. At one time, the Association when dealing with advertising, tried to make a case that Bingo was different from what is called Hard Gaming. It was felt that Section 42 of the Act should not apply to Bingo. However, you can win up to £50,000 each night in the National Game, and with game prizes are often 1 or 2 thousand pounds.

They went ahead with a bill, but the Bill failed. Close discussions were then held with the Association, and a new Bill was passed called the Bingo Act 1992 which has operated from 6th May 1992. The main point of the Bill is that Bingo Clubs can now say that Bingo is played there. The Act has some difficult wording to cover all the points. I have a high regard for the Industry. Very substantial sums have been spent on modernising, and building, many Bingo Halls. Modern technology has been taken up. The last figure I saw for money stakes was £661 million. There are approximately 1000 Licensed Bingo Clubs.

#### (iii) *BACTA -*

BACTA is another excellent Trade Association which deals with Gaming Machines. For all my time on the Board I retained special responsibility for Gaming Machines. I dealt with many excellent and delightful people. We had a triennial review of stakes and prizes. I always preached that an AWP is what it says, an Amusement with Prizes machine, and until legislation is altered the Board will take that view. On SWP's (Skill With Prizes) the Board thought at first they might cause problems, but happily it has not worked out that way. The ingenuity of

manufacturers is vast and creative. They keep our machines inspector very busy. Again we have agreed many guide lines with BACTA. Again I have a great respect for the Industry.

(iv) *Lotteries* -

Just a few words on Lotteries. Here we deal with the Lotteries Council. We have had cases of various people trying to get round the law which have been interesting. Over the years, much interest has been shown in a possible National Lottery. The Board have submitted various papers to the Home Office of which two points are important:

Two points are important.

- (1) Lotteries must be seen to be fair. Technology these days is tremendous. One Board member in Canada saw the case of a ticket purchased only a very short while beforehand, win a large prize in the draw on TV.
- (2) Allocation of Moneys to agreed organisations should be agreed beforehand on a percentage basis.

I believe a Bill will be introduced this session. It could have a long and difficult passage through Parliament.

### Policies and Objectives of the Gaming Board

My own personal policy was that I tried to get around all parts of the Industry, and to demonstrate that the Board was composed of human beings able to listen to problems on the ground, and to see some things for themselves. In all I visited over 80 Casinos, numerous Bingo Halls, and most of the manufacturers of Gaming Machines. I like to think these visits have been of benefit to the industry in helping the Board's understanding of the problem. They were certainly of benefit to me. I have also addressed several benches of magistrates including London, Birmingham, Manchester, Brighton and Hove, Sheffield and surrounding Benches.

Powers given to the Board, enable it to meet its three fundamental policy objectives:

- (1) To keep criminals out of gaming, and the supply of gaming machines provided in premises licensed under the Act.
- (2) To ensure that gaming is run fairly and in accordance with the law;
- (3) To maintain a balance between the supply of gaming facilities and the *unstimulated* demand for them.

#### **(1) Criminals**

The Board seeks to achieve the first objective through the exercise of their powers in considering applications for certificates under the Gaming Act. This is the first line of defence in preventing undesirable characters from gaining a foothold in the gaming industry. There are three ways of control:

- (i) *Certificates of Consent for a Gaming Licence.* The Board have to be satisfied that the applicant is likely to be capable of and diligent in running a satisfactory and law abiding casino regard being had in particular to the character reputation and financial standing of the applicant. And, just as importantly and person for whose benefit the licence would be operated.

The enquiries carried out into applicants are exhaustive and detailed. This is particularly so in respect of *casino* applicants. In recent years there have been a number of applicants with overseas connections. This has been particularly worrying for the Board, not least because of

difficulties in carrying out investigations into bona fide natures of the companies and its directors in unfamiliar jurisdictions. Nevertheless, we have persisted, despite cries of anguish from the applicant about the time being taken, in seeking to establish who would ultimately benefit from the grant of a gaming licence and who would be in a position to exercise any influence or control over the way the licence holding company would operate.

There was however a major weakness in the Act in the Board's view. A certificate of consent was not required to enable a person to acquire a company which holds a casino licence. The Gaming Amendment Act 1990 which came into force in September 1990 (except for fees) dealt with this major weakness. Discussions with the BCA and the Home Office went on all through 1989. They were both very helpful and finally accord was reached. The Bill was introduced into the House of Lords by our former Chairman Lord Allen in late 1989, and passed its final stage in the House of Commons in July 1990.

(ii) *Individuals. Certification of Persons who Perform certain functions and Section 19 Certificates.*

The Act requires individuals who perform certain functions to hold a certificate of approval issued by the Board and gives the Board the power - which they exercise - to require those performing managerial duties to be certificated. The Board may revoke such certificates if they no longer regard the holder as being a fit and proper person. And often do. The test is fit and proper. There is no Appeal cases however very rarely go to judicial review. The Board takes strict account of natural justice. A licence holder who employs staff in contravention of these provisions commits a criminal offence. The licensing authority may refuse to renew a licence on the ground that an employee of the club has had a notice to revoke his certificate of approval served on him. It is perhaps therefore not surprising that casino operators take great care over who they employ and put forward for the Board's certificate.

(iii) *For machines*

The test for a certificate to sell, supply or maintain a gaming machine not manufactured is simply that of whether the applicant is a fit and proper person. The Act gives the Board the power to revoke such certificates. As with the certification of gaming staff, there is no appeal against the Board's decision.

I believe we have been successful, or perhaps I should say, so as not to tempt the fates, the indications are that we have been successful, in preventing criminal elements from infiltrating the gaming industry in this country. There has been, in my view, a significant change in the public perception of casinos and those who operate them. What was or was becoming in the 1960's a rather disreputable and tawdry business has in the 1980s become a very accepted business enterprise. Shares in casino owning companies are publicly quoted and traded sometimes profitably, on stock exchange. You may take the view that investing in a casino company is as risky as gaming at the tables, but it seems there are many investors large and small willing to take that risk.

**(2) *Run fairly and in accordance with the law***

This falls to the Board's Inspectorate. They are our ears and eyes. It is with the help of their reports that the Board discharge the duty laid on them by the Act to keep under review the character and location of licensed gaming in Great Britain. The task they face is immense with 120 casinos, 1400 bingo clubs and a similar number of machine certificates in force. Clearly it would be impractical for the Inspectorate to attempt to maintain a day-to-day supervision of operators and we would not wish to go down that road. Experience in America where agents of the regulatory agency are permanently stationed in the casino does not lead us to conclude that this is the most efficient or effective means of supervision. A prime purpose of the inspection visits is as a deterrent. Visits are unannounced and the power the Inspectorate have under the Act to request and inspect any paper or document is an important, well used and effective power.

Because the temptations and risks are greater, more emphasis is placed on inspecting casinos than bingo or machine suppliers. The objectives set for the Inspectorate are that they should visit each casino at least once a month, each bingo club at least three times a year and that each machine supplier is inspected every two years. The inspectorate will, of course, make more frequent visits when there is concern about a way a licence is being operated. They are also available to give guidance and advice to operators on particular problems which may have arisen in the clubs and are frequently asked to do so.

I can say, without any undue modesty, that the Inspectorate has proved highly effective, as well publicised cases in the late 1970's, and less well known cases in recent years can testify. Their role is crucial to the maintenance of a system of gaming control which commands public confidence. Casino and bingo operators as well as machine suppliers are anxious to co-operate with the Board in ensuring that their industries are run properly. It is, of course, in their interests to do so. In recent years we have been able to come to a number of agreements, Codes of Conduct, with the representative of Trade Associations, as I have already mentioned. Both past Chief Inspectors have been awarded the OBE towards the end of their term. They are a first class organisation and I have been proud to be associated with them.

### **International Dealings**

The Board has considerable foreign involvement. For instance last year the Board had two substantial meetings with the Gaming Board of the Bahamas and New Zealand. Officials of the Board met with representatives of the Gaming Authorities of Poland, Hungary, Israel, South Africa and Sweden to name some, and the Board has advised the Gaming Authorities in the Turks and Caicos Islands. The Board was instrumental in founding GREF (The Gaming regulators European Forum). This involves the regulatory bodies of 11 the 12 EC Countries and an associated member (Austria). Five meetings have been held in various European Cities including London, and valuable exchange of views and knowledge has resulted. The Forum made its members views known to the Commission in Brussels who seemed very interested to hear what was said. I consider with a shrinking world, the ability to transfer money and information around the world at great speed, close liaison between regulators is important. The gaming board follows this policy.

To finish I would like to say I enjoyed my time of the Board very much indeed. I met so many very nice people in all spheres and admired the diversity of talent and the tremendous amount of work which they did in their various ways.

(This paper was the text of a talk given to the Society for the Study of Gambling meeting).