

THE SOCIETY FOR THE STUDY OF GAMBLING NEWSLETTER

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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 and educate 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 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 scientific meetings which have, so far, always taken place in London. Further information concerning the Society can be obtained from the Honorary Secretary.

Papers are reproduced in the Newsletter as a record of the Society's proceedings and are not subject to scrutiny by referees. Their appearance here is not intended as an alternative to publication in a learned journal. Any of the standard reference systems is acceptable.

ILLEGAL BETTING: AN INDUSTRY VIEW

Ron Pollard\*

In order to assess the present situation in regard to illegal betting as it affects all sections of the racing industry and society, I believe one must look at the situation before the present legislation came into being. Prior to 1960 most of the betting that took place was conducted illegally on the streets, in the pubs and clubs, or via the milkman or some other caller at the house. The only persons betting legally were those with credit accounts or those who went to the races. We also had the absurd situation of postal bets being sent to Scotland for them to be sent back to England for settlement.

At this time the police were very vigilant, corrupt, or both. Much police time was spent on the apprehending of bookies' runners and attendance at court etc. In addition sums of money used to pass from the bookmaker to the local constable in order that he kept away from him. I well remember being chased by the police myself in Southwark; luckily I got away.

By the middle of the 50's the situation had become intolerable in a society of changing values and the burden on the Police had to be relieved. Of course there was also a lot of crime associated with illegal betting, particularly in the receiving of stolen goods.

Against this background of illegal activity many people were worried about the effect the Betting and Gaming Act of 1960 would have on our Society. Many imagined that betting shops would be dingy and anti-social because they would attract the dregs of society and be a blot of our high street. In fact I was working for the biggest bookmaker of that time, William Hill, and he refused to have anything to do with betting shops; that company did not in fact enter the betting shops business until the early 70's. Ladbrokes took a similar point of view, though they changed their mind more quickly.

The new legislation was obviously named in the absence of previous experience of cash betting offices in the United Kingdom. The law was framed in the light of the recommendations of the 1951 Royal Commission to discourage

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continuous loitering and inducements to bet. In the event the proposed loitering offence was not introduced and the discouragement of continuous betting and inducements to bet - insofar as they were capable of being achieved - were achieved by severe restrictions on the operations of betting offices.

Since then, experience has shown that the fears entertained before cash betting offices were legalised were without foundation and that the restrictions at present imposed are unnecessarily restrictive. Despite the restrictions bookmakers, by their enterprise, were able to build up good businesses and betting offices thrived, reaching a peak number of some 15,000 in 1968.

The Rothschild Commission found that bookmakers do not make a very big return on the money they have invested and since 1968 1 in 3 betting offices have closed. In real terms legal betting has declined by about 20% in the last 5 years. As is usual with governments, if they see a successful venture they can't keep their hands out of the till. Betting duty was first introduced in 1966 at a rate of 2.5%, doubled to 5% in 1968 and raised to 6% in 1970. In 1974 betting duty was again increased by a further 25% to 7½%. You will no doubt note the decline of legal betting offices since 1968 - the year the betting duty was doubled.

In 1978 the Royal Commission said that racing had become addicted to subsidy and that there should be no increase in the burden of taxation and levy. Despite this, duty was one again increased in July 1981 to the present rate of 8%.

The legal betting industry has thus been attacked on two fronts - severe restrictions on trade and massive increases in taxation. As a result legal betting is declining and illegal operators are prospering to such an extent that it is the view of experienced observers that illegal betting is widespread and is now estimated to be equivalent to between 15% and 20% of the legal betting market.

In other words there is another 'LADBROKES' out there in the country operating illegally, taking approximately £600 million but paying no taxes, no levy, no income tax.

With a 10% deduction the illegal punter is getting every tenth bet free. He can place his bet in the comfort of an armchair, watch the television, have a refreshment. All of these amenities denied to the law-abiding punter who is paying his taxes. This situation is obviously intolerable and unfair. The legal bookmaker is being forced to fight the battle for more turnover (and more for the Treasury) with one arm behind his back.

What is the Racing industry doing about this sad state of affairs? Last November a submission was made on behalf of the whole racing industry including the Jockey Club, Horserace Betting Levy Board, Horseracing Advisory Council and various Bookmaking Organizations, to both the Chancellor and the Home Secretary. In all my forty years in this business I have never known the industry to be so united.

In December we lobbied over 500 MP's by personal interview bringing our case to his attention. We have been much encouraged by the reaction of MP's when they are informed of the situation, particularly in regard to the restrictions on our trade of which most were not aware.

On the 8th February this year, we submitted a memorandum on General Betting Duty and Illegal Betting, backed and signed by Lord Rawlinson to the Home office, included in which were details of over 500 cases of illegal betting giving names and addresses and warning of the social evils that would arise from the alarming increase in illegal, betting.

The Chancellor has turned a deaf ear to our pleas for a reduction in duty and we can now only hope that the next Home Secretary will see the strength of our case and instruct the police to be more vigilant in regard to illegal betting and will pursue our claims for the restrictions on our trade to be lifted. Decisive action is urgent.

THE POLITICS OF THE TURF: AGENDA FOR RESEARCH

Christopher R. Hill\*

The purpose of my study will be to look at racing from the point of view of a professional student of politics, rather than that of a racing 'insider', and eventually to publish a book with some such title as The Politics of the Turf. To look in from the outside has both strengths and weaknesses: on the one hand, one is unlikely to be suspected of having an axe to grind, but on the other it is necessary to learn from scratch things which the lifelong insider will have picked up without effort.

I shall concentrate on flat racing, but not to the complete exclusion of jumping, since much that needs to be said about administration, finance and so on applies to both. The period covered will be since the introduction of the Levy in 1961, which has revolutionised racing, but by way of background it will naturally be necessary to say something about the state of things before it was introduced.

The study breaks new ground because its focus will be on the operation of racing's institutions and the way they interact, the distribution of power and the regulation of conflict. Most books about racing tend rather to be memoirs, biographies or histories and are not of direct relevance to what I am trying to do, though I shall of course draw on such works as Wray Vamplew's fascinating The Turf: a social and economic history of horseracing and Roger Mortimer's equally interesting history of the Jockey Club.

However, most of the written material used will be 'primary', including Hansard, Royal Commission reports and other official publications (such as the Peppiatt report), newspapers, annual reports of the Jockey Club and Levy Board, and numerous pamphlets which have resulted from important committees set up within racing, and been circulated to a very limited public. Examples are reports like Norfolk, Benson, Astor, Cohen, the Blue Report and so on. It will also be valuable to have access to records preserved by individuals and, above all, it will be necessary to interview key individuals in racing.

One way of organizing the material is to distinguish

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between the internal workings of racing, and the relationships between racing and the wider world. The distinction is not hard and fast (for example, the relations between BOLA (the Betting Office Licensee's Association) and the NAB (the National Association of Bookmakers) are not self-contained, but are influenced by each body's dealings with members of Parliament and the Home Office) but it is helpful.

To take first the internal workings of racing, it is immediately obvious that there are a great many organized groups, whose purpose is to see that their members' voices are heard within the racing world. Such groups usually have the general task of seeing that their members' interests are protected, plus the need to pursue particular objectives which may arise from time to time.

It is noticeable that many of these groups have been founded in the last twenty years, partly because the increased resources made available to racing by the Levy have made people realize that they must organize if they are to get their share of the cake, and partly because of the general trend towards organization in all walks of life. The emergence of many such groups has been positively encouraged by the Jockey Club. There are two views of why this has been so: some would say it is a sign that the Jockey Club is moving democratically with the times; others that to encourage the growth of representative organizations is a subtle way of maintaining the power which in the old days was unquestioned.

It is clearly necessary to know what groups exist, how they operate, what tensions there are (e.g. North/South in the trainers' federation) and how effective they are. However, groups exist to represent interests and exert pressure, so that the essential questions that have to be asked are to whom do they represent those interests, and on whom do they exert pressure, or try to.

The answers are not simple, but the central fact is that the Jockey Club and the Levy Board are the bodies which all other organizations seek to influence. This is not to say that there are no other interactions - obviously the NTF (National Trainers' Federation), the JAGS (Jockeys' Association of Great Britain), the RDA (Racehorse Owners' Association) and many others have plenty to say to one another, but all these are lesser bodies. Thus, a main theme of the study is the power, interaction, effectiveness, adaptability, etc. of the Jockey Club and Levy Board. They do not exist in a vacuum, because they can no more escape the attentions of the lesser bodies than Members of Parliament interested in Sunday racing can ignore the Lord's Day Observance Society, but they do, as it were, preside over the racing scene. The extent to which they take notice of the representative bodies depends in part on the latter's

success in attracting members; for example, the BOA must be weakened by the fact that many of the bigger owners take little interest in it; similarly, the leading jockeys do not need to rely on the JAGB.

If the Jockey Club were not powerful and generally respected within racing and by the public at large it would lack authority in its dealings with the Government and other outside bodies. A central question, therefore, concerns the means whereby it maintains that power and respect.

Some of the other questions to be asked are: does the Jockey Club do its job properly, which in turn involves asking what its job is or should be. Is the Jockey Club constituted in the right way, both to do its job and avoid political disfavour (here we stray into the relations between racing and the outside world)? Is it hampered by the anachronism that its 'Civil Servants', Weatherbys, are appointed on the basis of heredity, (a tradition which is not really undermined by the recent appointment of the first non Weatherby as the firm's Chief Executive), as well as of the great administrative skill which the firm has built up? How does the Jockey Club relate to the Levy Board; have those relations changed and, if so, how? Is the Jockey Club too remote from the rest of racing, given its dependence, for the funds which it needs to administer racing, on racecourses (and, through them, in part on the Levy Board) and on owners? Does it consult adequately; is the HAC (Horseracing Advisory Council) anything more than a talking shop? (But note that politics, in all kinds of bodies, from universities to big businesses, needs talking shops.) Is there a Jockey Club interest which the Jockey Club seeks to defend, separate and distinguishable from the general interest of racing? Its swift acquisition of a Royal Charter in 1970 suggests that there is. (Is there such a thing as the general interest of racing?) Has there been resistance to change within the Jockey Club; if so, how did a modernizing senior steward, like Lord Howard de Walden, cope with it? Is the Jockey Club's power over racecourses increasing?

Whereas the Jockey Club seems not to change dramatically, the Levy Board seems to be greatly influenced by the personality of the Chairman for the time being. Thus Lord Harding, Lord Wigg, Sir Stanley Raymond, Lord Plummer and now Sir Ian Trethowan are all very different types. It will be of great interest to see whether Sir Ian's background in the BBC influences his leadership of the Levy Board, particularly as he had at the BBC, experience of administering, in the shape of the TV licence fee, the only obvious example of hypothecated taxation in this country, apart from the levy itself.

Questions which start with the Levy Board branch out into all aspects of racing. How should the Levy be spent; e.g. how much on prize money, on grants to racecourses, on loans to them? Which courses get Levy Board money and why? Should the prize money emphasis be on big prizes, which will usually further enrich men (and a few women) who are already rich, or should it be spread out among smaller races at less important courses? How much influence does the Levy Board have on the fixture list, bearing in mind that a good many days' racing at minor courses are only held at the Levy Board's behest, in order to provide a betting medium and so generate Levy? Is it right that racing should be organized in this way, to promote betting rather than as a spectator sport?

More generally, does the Levy Board do what it was set up to do? Should its duty to promote the good of racing be interpreted to mean that all the existing courses should be kept afloat, or should it encourage closures? (In the latter case it would, and presumably has in the past, come into conflict with the Racecourse Association.) Should the Levy Board involve itself in racing politics and management? Has it the expertise or, indeed, the power under the Act? Should it really own racecourses, stallions and the National Stud?

It may be that the Jockey Club has given up to the Levy Board some of its traditional powers, but some would say that the Jockey Club, whilst appearing to go with the wind of change, has really extended its own power by sophisticated sleight of hand, to preempt powers which should properly belong to the Levy Board. The allegation may be extreme, but needs to be looked into.

One trend is towards centralization, not in the sense that eventually all racing will take place at Newmarket (though it seems very likely that the number of racecourses will drop over the next few years), but in the sense that the Jockey Club will extend its power over racecourses in various ways, perhaps partly in order to counterbalance the Levy Board. First, it may become impossible for individual Clerks of the Course to use independent initiative to frame imaginative cards; secondly, racecourses are licensed by the Jockey Club, which means that it may, at least in theory, concern itself with any detail, like the provision of bars and lavatories, and it may be that it is in fact 'infiltrating' day to day management in this way.

But another trend is that racing is moving, if only slowly, towards speaking with one voice. The BRIC (Bloodstock and Racing Industries Confederation) was set up (on Mr John Winter's initiative) in response to the crisis in racing, notably the shortage of prize money, in the mid '70s. The RILC (Racing Industry Liaison Committee) was a Jockey Club initiative to counter the perceived threat of BRIC. (But what exactly did the Jockey club think was being

threatened?) The HAC, perhaps differently constituted and with more genuinely representative individuals nominated by the member organizations, may, under its new Chairman, develop into an effective organization. One difficulty about HAC so far is that member bodies have not always gone through it when pursuing their own interests, but have acted independently, whether to apply pressure within racing or outside.

However, although racing may in a sense be moving towards unity, there is also a tendency towards fragmentation. For example, the Racecourse Association may come under severe strain, particularly in the face of television contracts. More generally, economic difficulties may well promote alliances between the strong in each section of the industry, to the detriment of the weak.

When we come to look at racing's links with the world outside, we must consider the extent to which the conduct of racing is a matter of legitimate public concern. Have the public a right to be interested in e.g. who joins the Jockey Club or what kind of people become local stewards? Is there a different kind of right to be interested in the Levy Board (and the Tote) because the Levy Board is a statutory body, nominally accountable to Parliament?

The Government cannot avoid involvement with racing, the relevant Departments being Home Office and Treasury, with some rather nebulous interest also being taken by the Minister of Sport and Recreation. The Home Office has responsibility for the Levy Board and the Bookmakers' Committee and for any question relating to gambling. Usually the Secretary of State has not been personally interested, but Mr Whitelaw was, so that higher calibre civil servants than before were involved. The Secretary of State has to decide the annual Levy Scheme if the Levy Board and the Bookmakers' Committee cannot agree. He also controls the composition of the Committee, i.e. its division between NAB and BOLA, in other words the balance of power between the small men and the big battalions, and his recent decision to reduce the NAB's seats on the Committee from nine to five, giving it parity with BOLA, has engendered considerable heat.

The Treasury is involved with the rate of betting tax, and is being pressed to reduce the off-course 8½%, because that rate is a disincentive to betting and so reduces tax revenue. In most betting shops 10% is deducted to cover levy and duty and 10% is easier than 9½% for the man in the street to comprehend - and think excessive. In any case with 3½ million unemployed there is less spare money for betting. Furthermore, there has recently been a big growth in illegal betting, perhaps to 15-20% of the total. In London there has been some growth of private bookmaking by illegal operators, taking bets out of sight of

the counter in legitimate betting shops. Illegal betting is not confined to small punters but takes place at all levels.

One perennial question is the rate at which the Levy should be set. Racing interests are always demanding more, usually in order to increase prize money, and point to the far greater amounts available in France or Japan. Bookmakers naturally resist continual increases, which they argue must decrease turnover, and in any case are bad for racing, because it becomes over-dependent on subsidies from the Levy Board. But any answer to the question implies a view about what the legitimate financial needs of racing are, and how they are to be met. That is, given that racing is to receive some public money (whether hypothecated or not), what are the optimum amounts to be allocated to e.g. owners, breeders, racecourse facilities; how are they to be calculated and how is the revenue to be raised? Do owners give up ownership because of VAT or low prize money, or because of recession in the economy as a whole? Is there a figure below which the number of horses in training ought not to fall? What sort of incentives do breeders need to stay in business? Will 'the breed' suffer if they go out of business and if so, in what way? How much does it matter if the breed does suffer?

If Departments of State are interested in racing, then so is Parliament. In the past various racing interests have played Government and Opposition off against each other and, conversely, the disunity of racing has made it easy for civil servants to ignore representations. But that has changed since the formation of the Parliamentary All-Party Committee on Racing, founded in 1974, and now a lively and effective body, until recently under the Chairmanship of Sir Timothy Kitson.

Outside Government and Parliament, it is not easy to be exact about racing's involvement in the wider world. Of course everyone who ever goes to a racecourse or betting shop, or watches racing on television, is in some sense involved, but it has to be borne in mind that racing, according to a National Opinion Poll conducted in 1971, comes only fifth among sports followed by the public, with 22% of respondents expressing an interest. It seems likely that the average racegoer or punter does not have any very strong view about, for example, what the Jockey Club's powers should be; perhaps he hardly notices the Jockey Club, though he may think of local stewards as the Jockey Club's representatives, and take some notice when one of their rulings is reversed on appeal to Portman Square.

Very little research has been done on what kind of people go racing and what they expect from it, so that racecourses do not, apparently, have the information they need for a proper marketing strategy. Even less, I suspect, is known

about the average man or woman's views on e.g. racing on Sundays, sponsorship of the classics, or cable television. Therefore in discussing such issues I shall perforce concentrate on the views expressed to government by representatives of racing interests, rather than those of the punter at large, though one must not forget that the way in which some (not all) of these issues are resolved will make a difference to a great many men in the street.

It is also true that some issues, like the composition of the Jockey Club, and some attitudes, like antipathy to racing being run by a self-perpetuating elite which can be joined only by the rich and/or well-born, are more or less latent at present, but could become alive if political circumstances changed. Such developments would benefit no-one within racing and there seems to be a fairly general realization that, whatever the internal faction-fighting, all factions share an interest in keeping racing's concerns off the public political platform.

Finally, in view of the great power of the press and other media, a substantial section on them will be included, concentrating on such matters as the links between the various pressure groups in racing and particular journalists, the influence of television and the ways in which racing bodies conduct their public relations.

It would be possible, but uninteresting, simply to produce a contribution to the academic literature of political science, but I imagine many readers will be racing people who will expect something other than that. On the other hand an individual cannot out-Rothschild Rothschild and there may be advantages in conducting a less formal enquiry. I hope that having described the problems that face the chief actors on racing's stage, outlined the main issues in the politics of the turf and analysed the processes by which disputes are settled, I shall be able to offer conclusions that will be of service to people in racing and of interest to a wider public.

**CORRESPONDENCE**

From Group Captain R.D. Stephens, General Secretary of the British Casino Association:

I have read with interest Bill Eadington's paper 'Regulatory objectives and the expansion of casino gambling' (Newsletter 2). I regret to say that although what he writes may be true of other countries, e.g. the U.S.A., much of what he writes is irrelevant to the U.K. operation and creates a distorted picture of U.K. casinos. Below I give a few comments on some of the irrelevancies:

Page 2 'Revenue sharers which include various levels of Government, charitable, needy organisations etc.'  
Immaterial in the U.K. Neither is there any significant lobbying or political effort to influence legislators.

Page 3 'Legalising gambling to diminish illegal gambling'  
This is the sole U.K. objective.  
'Tax revenues from gambling, revitalising declining resort areas'  
Not a U.K. objective.

Page 4 Gambling is not set up to generate revenues for deserving organisations. See the article by Gordon Moody, page 14 of same Newsletter.  
'Government - active revenue sharer; charitable organisations'  
Not appropriate to the U.K.  
'Allocation politically - decisions of legislators and regulators etc.'  
Not applicable in U.K. No suggestion of bribery.

Page 5 'Organised crime, corruption of politicians and political institutions, prostitution and loan sharking'  
Quite inappropriate and not pertinent to

U.K. - Bill Eadington should have known better.

Pages 5 & 6

This discussion on compulsive gambling versus rational gambling gives no indication of the degree of the former; it is certainly not 50:50 which is the impression created.

Generally, what Bill Eadington writes may be true in other countries - I do not profess to know, but the paper is marred by the inclusion of the U.K. in sweeping assertions that have no relevance over here. They show a surprising ignorance of the operation of U.K. casinos and the Government's objectives in permitting legalised gambling.

Bill Eadington replies:

In his letter Mr. Stephens asserts that, in general, much of what appears in my article is either irrelevant to U.K. casino operations or creates a distorted view of the British casino industry. Specifically, he criticizes the statements in the article that apply to some regulatory objectives of legalizing or expanding casino gambling which have not occurred in England, such as using casino revenues for charitable or needy organizations or as a source of government tax revenues (though this seems to be on the horizon), or as a means of stimulating tourism, employment, or the construction industry. He is also critical of the discussion that implies the excess revenues generated from casino operations, especially when the casino industry is taken from an illegal to a legal status, are politically influenced by the potential recipients of the excess revenues via the setting of laws and regulations that will govern behaviour of the legal casino industry. He takes umbrage with some of the items in the list of arguments which are commonly used in opposition to the legalization of casino gambling, specifically noting that the factors of 'organized crime, corruption of politicians and political institutions, prostitution and loan sharking are quite inappropriate to U.K.' Finally, he expresses displeasure with the discussion on compulsive gambling vs. rational gambling, stating that there is an implication in the article that there are just as many of one as there are of the other. In general, Mr. Stephens seems to be saying that what might be legitimate concerns with legal casino industries in other countries has no applicability in England, and that it is inappropriate even to bring these things up in a forum which might taint the British casino industry with the same brush that is used in the United States or elsewhere.

There are a number of ways that one can respond to Mr. Stephens' criticisms. The first and most obvious is to note that there is absolutely no discussion of the British casino

industry in the article that was printed in the Newsletter. The article was presenting a general theory of the process by which casino gambling is legalized or allowed to expand within a political and economic environment. The appropriateness of the theory to the actual experience with the casino industry in England is partly a matter of opinion, but in my opinion, it seems to explain many factors quite well.

It is instructive to note that the article printed in the Newsletter was excerpted from a longer version which did have considerable discussion of casino gaming in England, as well as in other jurisdictions. The discussion noted that the underlying principle of the British Gaming Act of 1968 is that the demand for gambling is inherent in the human spirit, and attempts to prohibit gambling by deeming it illegal would just drive the activity underground and create more serious problems than if the activity were legalized but strictly regulated and controlled. Because of this position, the Act stated that there should be sufficient, but no more than sufficient, casino facilities in Britain to satisfy an unstimulated demand for gambling.

From these premises emanate the main characteristics of the regulatory structure of casino gaming in England. First, it is important that only the unstimulated demand for casino gambling be allowed to be satisfied. Marketing efforts by the casino industry, therefore, are significantly restricted in a number of ways to prevent the 'creation' of new demand for casino gambling beyond the original level. Thus, British casinos can only allow members or bona fide guests of members to participate in the games; persons wishing to become members must sign an intent to do so 48 hours prior to their participation in casino games; no live entertainment is allowed in the casinos lest it might draw someone into gambling activities who had originally come only to see the live entertainment; and no advertising of any kind is allowed by casinos within Britain. Furthermore, no credit is allowed to be extended from the casino to players and, even though casinos are allowed to cash cheques from customers, they must be banked within two working days. The reasoning behind each of these regulations is to ensure that only those who freely choose to do so will participate in casino gambling, and even those individuals will not be

The underlying premise of my article is that when casino gambling is taken from an illegal status to a legal status, substantial opportunity for economic profit is created. This potential is seldom allowed to be fully exploited, however, because society, through the political process, places various restrictions on the casino industry's ability to cultivate its market. Depending on the values and the fears of the particular society involved, different sets of

restrictions will be applied to fulfill different perceived regulatory objectives. However, as society's values or perceptions change, it is possible that political pressures will arise from the affected economic groups to try to relax the restrictions placed on the casino industry. If different jurisdictions are examined which have legalized casino gambling, it is often possible to see the manifestation of the political pressures to allow the casino industry to operate more freely, i.e., more like any other business. It is also possible to explain some of the differences in the operation, the ambiance, and the integrity of the casino industry from one jurisdiction to another by examining the restrictions which are placed on the industry by regulators and by legislation. I have no doubts, for example, that if England had adopted the statutes and regulations of the State of Nevada, along with the attitude of Nevada's regulators and policy makers, then the British casino industry would be much more similar to that in Nevada than that in England today. It would generate considerably more gaming revenues than it does, and it would also be far more prone to regulatory and control problems than it actually has been.

England has chosen to follow a very specific purpose with its regulation of casino gambling. This has effectively limited the size of the gaming industry below the size that would evolve if casinos were allowed to open and operate in a totally unregulated fashion, as if they were any other business. The restriction of industry size creates the potential for long run economic profits to be earned; it also gives regulators the attitude that all casino operators should be expected to adhere strictly to the regulations, and if they do not, there is no reason not to withdraw from such operators the privilege of running a casino. For, it is felt, the potential financial rewards are so great and the opportunities for abuse so endemic that casino managers who violate even the spirit of the law, though they may be correct within the letter of the law, may be found not to be 'fitting and proper Persons' to hold a gaming license. This rationale provides a good explanation for the forfeiture of casino licences by the Coral Group, Ladbrokes, and Playboy, Ltd. between 1979 and 1981.

In light of this discussion, I find myself in strong disagreement with much of what Mr. Stephens claims is irrelevant or distorting when applied to the casino industry experience in England. For example, between the Betting and Gaming Act of 1960 and the Gaming Act of 1968, there were virtually no regulatory restrictions on casinos, so casinos proliferated throughout the country, as did problems associated with casino operations; there were even fears of infiltration of casino operations by organized crime. With the Gaming Act of 1968, England chose to severely limit the role casino gaming would play in British society, and this choice has had a dominant influence on the evolution of

casino gaming in the U.K. ever since. It is probably because of these restrictions that the casino industry has not. (at least since 1968) been linked to 'organized crime, corruption of politicians and political institutions, prostitution and loan sharking,' and that, by reputation, the British casino industry is unsurpassed in integrity anywhere in the world.

In summary, I would argue that there are many similarities in the basic economic and social forces underlying casino gambling industries in various parts of the world. Because casino gambling is usually seen as a potential threat to some aspects of society, and since these perceived threats vary from society to society, regulation of casino gaming takes on different appearances in different jurisdictions. It is because of the differences in regulatory objectives and approaches that casino industries differ in actual operation and evolution from country to country, or from state to state. Thus, this line of argument is not intended to question the integrity of casino gaming in the U.K. or anywhere else. Rather, it is intended to provide a reasonable explanation as to why gaming industries in England, the United States, and elsewhere grow, change, and evolve in the manner that they do.

Group Captain Stephens' response:

It was good of Professor Eadington to put the record straight in response to my complaint about his article in your December 1982 issue. His explanation and apt summary of casino gaming in the U.K. leads me to withdraw unreservedly my own ungenerous assumption of his "ignorance" of casinos here, because of the way in which his original excerpt was presented.

The parenthetical editorial note at the head of the published piece, embracing 'England', implied that what followed represented a picture of casino gaming everywhere, particularly in the 'four jurisdictions' named. It would have gone better at the end of the article, if at all.

There are still one or two things I would take up with Bill Eadington (e.g. the number of truisms in his response), but I shall reserve them until we have the pleasure of meeting again.

LITERARY GAMBLERS: (1) Clappique

It was within, here in this room, that blood coursed through living veins. Those who never gambled were not men at all. Had all his life been nothing but one long madness? He went back to the tables.

Again he put sixty dollars on pair. This little ball, with its failing motion, was Fate itself - his own Fate, moreover. He was contending not against a living thing, but against some sort of god: and at the same time this god was his own self. The ball started off on yet another journey.

He experienced at once the passive sensation of collapse he was looking for: again he seemed to be taking hold of his whole life and suspending it above this derisive roulette-ball. With its aid he satisfied, both at once, and for the first time, the two Clappiques that went to make up himself: the one that wished to live and the other that longed for destruction.... What connexion was there between money and this ball which hesitated nuzzling on the brink of its various little holes and by whose aid he clasped to himself his own true Destiny - the only means to self-knowledge he had ever discovered? He must carry on, risking more and more in order that the staking of the freedom he had won might make his gesture even more absurd! Leaning on his forearm, no longer watching the ball as now it spun slower and slower, and with a shudder in the muscles of his wrist and shoulders, he was discovering the real, the inner significance of games of chance - the frantic fun of losing....

He laid his hand flat on the table and now managed to concentrate entirely on the ball. He had found out that gambling is a form of deathless suicide: all he had to do was to put down his money, watch the ball and wait, as he'd have had to wait if he had just swallowed a poison; this was a poison endlessly renewed, plus a pride in losing....

It was he himself, Clappique, who was this very ball, stronger than all of them, stronger than himself - yet there he was watching it, living as he had never lived before; beside himself, worn out by a sensation of dizzy self-reproach.

He left at one in the morning: that was when the Casino shut... 'It's remarkable,' he thought, 'that it should so often have been said that a gambler's thrill, at the tables lies in the hope of winning. It's as though you said that men fight duels so as to become champion fencers....'

- Andre Malraux, Man's Estate, Penguin Modern Classics, 1961, pp226-9.

UPDATE

'The impact of pathological gambling on the spouse of the gambler', Journal of Community Psychology, (1983), pp67-76, Valerie C. Lorenz, (The University of Pennsylvania) (P.O. Box 115, Eagle Lake, FL 33839) and Duane E. Shuttlesworth, Kennesaw College, Marietta, Georgia.

The present investigation focused on the spouses of compulsive gamblers and attempted to obtain baseline information on their personal characteristics, family backgrounds, as well as information about their awareness of gambling as a behavioural disorder, their reactions to the problems they encountered as a result of living with a compulsive gambler, and how they attempted to cope with those problems. The results indicate that the spouse of the compulsive gambler is affected by significant social, psychological, and economic stresses that can be directly related to the partner's gambling activities. The impact of such stresses can be observed in a variety of dysfunctional coping responses. The participants in this investigation eventually obtained assistance in dealing with their problems from Gam-Anon, the family counterpart of Gamblers Anonymous. But, prior to their contact with Gam-Anon, they sought assistance from members of the medical, religious, financial, legal and mental health fields. For the most part such people were perceived as being unable to assist. Recent advances in our understanding of the psychological bases of compulsive gambling and its treatment have led to the development of community-based treatment services for the gambler. The results of this investigation point out the need for the provision of services to those affected by the gambler as well.

The Summer 1980 issue of the Connecticut Law Review (vol 12, no 4) contained a Symposium on Legal Aspects of Public Gaming. Brief abstracts of the 11 papers appear below. Single copies of the issue are obtainable at \$7.50 plus postage from Fred B. Rothman and Co., 10368 West Centennial Road, Littleton, Colorado 80123, USA.

'Regulation of legalized gambling: An inside view'  
(pp665-726)

Lester B. Snyder  
Professor of Law, University of Connecticut

Discusses the limits of the state's police power, the ability of states to monitor gambling, and the taxation of gaming enterprises. Is critical of assumptions about the effectiveness of public gaming regulation.

'A Chief Executive's views on the necessity for comprehensive state control and regulation in the United States gaming industry' (pp727-739)

William T. O'Donnell

Former president and chairman of the board of Bally Manufacturing Corporation

Describes Bally Manufacturing's experience with Nevada and New Jersey licensing procedures and concludes that the states are better able than federal government to regulate casino gaming in the public interest.

'Public gaming and public trust' (pp 740-761)

Alfred N. King

Executive Assistant to the Chief of the United States Department of Justice Organized Crime and Racketeering Section

After examining the past and present status of various forms of gambling in the United States advocates the outright abolition of some forms of gaming and the careful regulation of others.

'The limits of gaming control' (pp 762-784)

Jerome H. Skolnick and John Dombrink

Professor of Law (Jurisprudence and Social. Policy), University of California School of Law, Berkeley

The authors compare the regulatory frameworks of Nevada and New Jersey and find serious weaknesses in both. They observe that the regulation of gambling and the curbing of criminal influences will inevitably suffer where states place too much emphasis on producing revenue. Concludes with a proposed model of casino regulation.

'Casinos and land use: Law and public policy' (pp 785-808)

Michael Hawkins

Professor, Department of Urban Planning and Policy Development, Rutgers University

Looks at the planning and zoning problems associated with the large-scale introduction of casino gaming in Atlantic City and shows the necessity of assessing socioeconomic factors before embarking on a radical redevelopment program.

'Accounting for the winnings - auditing gambling casinos'  
(pp 809-821)

Richard A. Meyer

General Counsel of Seidman and Seidman, a national  
accounting firm.

Evaluates the ability of an accounting firm adequately to  
monitor an enterprise which has no paper records and  
concludes that, despite the difficulty of effective  
auditing, regulation can succeed given independent auditing  
and tight controls. After examining casino operations in  
Nevada and New Jersey recommends specific auditing  
procedures.

'Economic aspects of public gaming' (pp 822-853)

Peter H. Aranson (1) and Roger Leroy Miller (2)

(1) Professor of Economics, School of Business

Administration, Emory University

(2) Professor of Economics, Law and Economics Center, School  
of Business; University of Miami

Argues that gambling is a form of risk-taking not  
essentially different from buying insurance or speculating  
in commodities. Applying classical economic theory, the  
authors examine supply and demand in the context of gambling  
and assert that, since both legal and illegal markets exist,  
regulation will reduce the ability of legalized gambling to  
compete. They conclude that regulation will lead ultimately  
to a monopolistic market and a decrease in revenues.

'The New York off-track betting law: An exercise in  
selective decriminalization' (Pp 854-869)

Eugene M. Christiansen and Michael D. Shagan

Special Assistant and vice President of Security and  
Corporate Services, New York City Off-Track Betting  
Corporation.

The authors appraise New York's experience with legalized  
gaming. They find that the state has been successful at  
raising revenues, but much less so at curbing illegal  
betting. After describing the statutory framework of off-  
track betting and its effect on the legal and illegal  
gambling markets, the authors argue that legislators should  
not ignore the illegal market when devising regulatory plans  
for the legal market.

'Licensee discipline and due process' (pp 870-882)

Robert S. Hammer

Assistant Attorney General, State of New York

Discusses the due process concerns of those subject to the state's police powers of license revocation or suspension. Hammer represented the state in the United States Supreme Court against a due process challenge by a horse trainer whose license had been suspended pending a state hearing. He suggests that state regulations can exist under which a claimant has no entitlement to his licence, and therefore does not merit the full protection of procedural due process.

'The interstate horseracing act of 1978: an evaluation'  
(pp883-919)

Heidi Seebauer

University of Connecticut School of Law

Traces the enactment of the legislation and discusses its probable impact, concluding that a possible consequence of the federal legislation may be the end of the growth of off-track betting. Perhaps more significantly, the Act may signal a trend toward greater federal regulation of public gaming in the states.

'Legalized gambling: A selectively annotated bibliography from 1970-1980' (pp 920-950)

Nicholas Triffin

University of Connecticut School of Law

Covers books, periodicals, and government documents of the past ten years. The list is not exhaustive but treats works of particular interest and specialized subject matter.



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CALL FOR PAPERS  
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The Bureau of Business and Economic Research of the University of Nevada, Reno and the American Studies Program of the Pennsylvania State University are co-sponsoring the Sixth National Conference on Gambling and Risk Taking, to be held at Bally's in Atlantic City December 9 to 12, 1984. Individuals are invited to submit drafts or abstracts of papers for consideration for presentation at the conference. Papers should be of publishable quality and can be drawn from any of the following disciplines or subject areas:

I. BUSINESS AND ECONOMIC ISSUES CONCERNING COMMERCIAL  
GAMING

1. Management structures and practices in gaming industries.
2. Marketing the gaming product.
3. Differences between private sector and public sector commercial gaming operations.
4. The regulation of commercial gambling: objectives and effectiveness.
5. Alternative regulatory approaches to commercial gaming industries.
6. Forecasting gambling markets: potentials and limitations for industry expansion.
7. Gaming as a public sector revenue source.
8. Industrial organization of gaming markets.
9. New technologies and emerging gambling markets.
10. Computer applications to gaming operations.
11. Foreign gaming operations.
12. Industry-specific studies: casinos, lotteries, OTB, horse racing.

## II. SOCIAL AND POLICY ISSUES CONCERNING GAMBLING ACTIVITIES

1. Gambling and the law.
2. Enforcement and administrative issues associated with the prohibition of gambling.
3. Gambling and organized crime.
4. Social costs of legalized gambling: theory and evidence.
5. Historical studies and gambling.
6. The sociology of gambling.
7. Tourism policy and gambling.
8. Gambling and sports.
9. Gambling policy and experience in other countries.

## III. BEHAVIORAL STUDIES IN GAMBLING AND RISK TAKING

1. Gambling as a form of play.
2. The risk seeking personality.
3. Psychological profile of the gambler.
4. The life cycle of moderate and heavy gamblers.
5. Pathological gambling: theory and evidence.
6. Treatment programs for the problem gambler.
7. Pathological gambling and the law.
8. Gambling and the workplace: productivity issues and gambling.

## IV. MATHEMATICAL AND STRUCTURAL ANALYSIS OF GAMES, WAGERS, AND FINANCIAL MARKETS.

1. Analysis of strategies in exploitable casino games: blackjack and poker.
2. Wagering on collegiate and professional sports: information assimilation and betting strategies.
3. Betting systems for parimutuel wagering: horses, dogs and jai-lai.
4. Portfolio management strategies and financial markets.
5. Gambling and investments: conceptual and structural distinctions.

The Conference will have a number of sessions in which prepared papers are presented and discussed. There will also be a number of sessions devoted to panels and round-table discussions on topics of interest and importance to the fields of gambling and risk taking. Individuals are invited to suggest topics and possible participants for these sessions, or to organize such a session in conjunction with the Conference Coordinator.

Those individuals wishing to submit papers for the Conference should contact the Conference Coordinator and provide him with the following information:

1. Title of paper.
2. Author's name, address, affiliation and position.
3. A brief description of the paper, not to exceed 500 words.

These individuals wishing to suggest panels or round-table discussions for the Conference should contact the Conference Coordinator and provide him with the following information:

1. Suggested title for the session
2. Possible chairman and panelists
3. A brief description of the purpose and expected outcome of the session.

Because meeting space is limited, it is likely that the Conference Coordinator will not be able to accept all papers or panels submitted to the Conference. However, to facilitate planning and to help in the selection process of papers and panels, individuals are encouraged to submit materials as early as possible. Formal deadlines for the submission of papers or panels will not be until the summer of 1984.

The Fifth Conference on Gambling and Risk Taking, which was held at South Lake Tahoe, Nevada, in October, 1981, attracted over 100 research papers from a wide variety of disciplines and professions, nearly 125 participants, and approximately 250 people in attendance. The papers from the Conference were published in The Gambling Papers: Proceedings of the Fifth National Conference on Gambling by the Bureau of Business and Economic Research, University of Nevada, Reno, in thirteen volumes.

It is hoped that the Sixth National Conference on Gambling and Risk Taking will attract a broad array of participants from industry, from regulatory agencies, from government, from the professions, and from universities, who have expertise and a continuing interest in exploring the implications of the phenomenon of gambling from many different perspectives. We anticipate that the Sixth Conference, since it is being held in Atlantic City, will attract a large number of participants who will be able to share research findings, opinions, and ideas among themselves and with others in attendance.

Papers and other correspondence should be sent to:

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Pennsylvania State University The  
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