

THE SOCIETY FOR THE STUDY OF GAMBLING NEWSLETTER

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THE SOCIETY FOR THE STUDY OF GAMBLING

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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.

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INSIDER INFORMATION AND CORRUPTION IN BETTING MARKETS

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The most controversial single issue in all financial markets is undoubtedly that surrounding the existence, exploitation, and consequences of, 'insider information'. The idea that privileged persons ('insiders') have, as a result of their position, access to information that can be exploited in market transactions, has a wide appeal. This appeal is not surprising because it is not at all difficult to establish that different people possess *different items of information* by virtue of their position. Given this necessary condition it is not difficult to conclude that the different items of information must represent a *different amount of information*. But, this is really the critical step in arguments about inside information. Can we establish that insiders have *more* information rather than *different* information?

The problem with most studies of inside information is the selective basis on which they are conducted. Crudely speaking we hear about inside information mainly when it leads to gain, rarely when it leads to losses. Unless information is *perfect*, and it rarely is about the future, there will be some losses: it will typically be *superior* information not perfect information. Clearly if we add up all the plusses and forget the minuses the sum must be positive. I do not want to give the impression in what follows that inside information may not be significant; I do want to give the impression that it is a very challenging task to do more than assert its obvious existence, as a prelude to a strident call to eliminate it at all costs.

During the Napoleonic wars, one De Berenger rode into Winchester and announced to all that the Emperor Napoleon had been defeated and killed. The story was generally believed and resulted in a rise in the price of government stock which enabled an accomplice of De Berenger, Cochrane, to sell his stock profitably. Both were successfully prosecuted for criminally conspiring to injure the public. Just over a year later, Nathan Rothschild with the help of some carrier pigeons, received advance news of Wellington's victory at Waterloo. This he used quite lawfully, to his financial advantage before the good rulings became public knowledge.

Today, De Berenger and Cochrane would be liable for prosecution under s.13 of the Prevention of Fraud (Investments) Act 1958, but Rothschild would still be quite free to use inside information to enable him to gain a financial advantage ...

... A person cannot be an insider unless he has possession of, or is able to obtain, the secrets which would, if generally known, affect the share price. Clearly, a person's *deductions from information available to all* cannot, in this sense, be secret information even though nobody else may have reached the same conclusions. However, knowledge of something gained, not by virtue of financial sophistication but, by reason of an individual's access to confidential information, falls into the category of inside information.

(Ashe 1976 pp 50-51)

Ashe and many others conclude that the insider issue is ultimately one about the *moral* responsibility on the part of those in privileged positions. Taking the role of the devil's advocate let me bring to your attention some arguments put forward in *defence* of insider trading. After looking at these, particularly those of Manne, I will go on to see what can be said about the other part of the conventional wisdom: that insider information is not only 'bad', but quantitatively highly significant. It could obviously be objectionable without being a serious problem in terms of the amount of exploitation involved. Manne is talking about the stock market and I will go on to consider if, and to what extent, the arguments transfer to betting markets.

Manne's defence of insider trading is *not* an all-or-nothing case. He is concerned to redress the balance which sees insider trading as *all bad* and he is not putting a case for the complete abandonment of any sanctions, or attempted sanctions, against the activity. One lesser point he makes, all too easily overlooked in this as in many other areas, is that the costs of prevention may be high and the efforts unlikely to be successful. Only a strict utilitarian is likely to accept cost-effectiveness as the *sole* ground on which to decide whether or not to try to suppress insider trading (or *any* undesirable practice), but even those keen to pursue it on principle need to be asked about the resource implications. More resources devoted to reducing one sort of undesirable activity mean less resources available for reducing another sort of undesirable activity. Such 'people of principle' also need to be asked about the invasion of privacy necessarily involved in pursuing insiders. The fact that those inclined to rights-and-duties based ethics, as contrasted with consequentialist ethics, are likely to be the very people who find invasion of privacy most objectionable adds force to this point.

Secondly, Manne asks whether we are sure that the people hurt by insider trading are really ones we want to protect. If an insider buys shares then some particular person sells them. If we are going to say that the insider harmed *him/her* we need to be sure that that person would not have sold if the insider had not been in the market. This will be difficult. But even if we agree to talk in terms of *groups* of people being harmed – selling shares they would not have sold but for the insider's purchases – we have to be clear as to whether all of these are ones we wish to 'protect'. At this point Manne suggests that we can distinguish two broad types of shareholder – 'investors' and 'gamblers'. The former hold shares for their long-run earning potential and rarely buy or sell because of short-term fluctuations in the price of a share. The latter rely very much on their ability to predict short-run changes in share prices and move in and out quickly to achieve a profit. What will be the consequences of eliminating insider trading if 'trader-gamblers' are a significant element of the market? Manne's suggestion is that insider trading almost certainly smooths out fluctuations in prices (leading to more gradual rises and falls than the ones which would occur when the relevant knowledge was publicly disclosed after *no* insider activity based on it). Long-run investors will benefit and gamblers suffer relatively from this smoothing out. Manne's question is obvious. If long-run investors benefit (at the expense of gamblers) as a result of inside activity we have to make up our minds whether this is a significant benefit to be offset against the perceived costs of that activity.

But both these are subsidiary arguments for him. Much more controversially, he suggests that we need to allow insiders to exploit their superior information, at the expense of outsiders, because this is the only real way that the innovators in a large modern firm can reap their true contribution to it (no more, no less). Without it they would not have the appropriate incentives to push innovations of all sorts. And because external benefits flow to the rest of society from corporate innovation we would all suffer.

Since the value of an entrepreneur's contribution cannot be known until it has been made, there is rarely any way of appraising his services in advance ... almost by definition, it is

impossible to value entrepreneurial activities *before they have paid off in some other form ...*
To provide an effective incentive, entrepreneurial compensation has to be available when the benefits are realized by the corporation, and it must vary with the value of the contribution. Since neither of these eventualities can ordinarily be predicted in advance, most existing compensation plans are inadequate for the task.

(Manne 1966 pp116-17)

Manne goes on to list the reasons why salary differentials, bonuses and stock options are all defective incentives. Their common deficiency is the need to act in *advance* of the innovation (technical or financial) paying off. Insider trading does not have this defect, providing compensation which is both *accurate* and appropriately timed.

The typical reaction to Manne's defence is that it is academic and naive and, that in any event, we can't or shouldn't decide ethical questions on the sort of utilitarian cost-benefit basis that he suggests. Whether or not there are surprisingly few ways in which insider trading conflicts with the long-run interests of the company and its 'investor' shareholders we can't - it is said - accept the practice because of its 'unfairness'.

Which of Manne's defences are relevant to betting markets? Clearly the cost-effectiveness one gets some recognition, though it tends to go by the board in the face of each new 'scandal' when the rhetoric of 'something must be done ... no money should be spared...' is switched on.

Who gets hurt? *Would* the ordinary backer have backed the horse at the higher odds if the insider had not taken them away? Is he quite happy to back the other horses in the race which are now at longer odds as a result of the insider's exploitation of his information? If the answers are 'No' and 'Yes' respectively should we worry? If, on the other hand, they are 'Yes' and 'No' we can ask whether the bettors who suffer from insider activity are ones we might be less concerned about than other groups? If (as I argue below) the general effect of insider information is to bring starting price (S.P.) odds closer to the 'true' probabilities of winning then the S.P. bettor is benefitted relative to anyone not betting at S.P. We then have to decide whether we are *equally* concerned about price-takers and S.P. bettors. The latter account for 95% of betting in the UK.

The one defence which doesn't *seem* likely to get much mileage in betting markets is the external benefits one: surely we don't need to allow owners, trainers etc. to exploit their information because this is the *only* way that they can get an accurate return to their skills in breeding/buying, training, etc.? But don't be *too* quick to write it off. How adequate a reflection of the public's betting interest is the distribution of *prize money* to different sorts of races? Unless we are happy that it is a close relationship - and the greater turnover on handicaps than on contentious races ensures that it isn't at all close - there may indeed be such a social externality flowing from insider exploitation.

Most provocatively, I want to ask: Does corruption, the most obnoxious and extreme basis of inside information, matter? If a trainer dopes a horse or a jockey 'pulls' it (fails to let it run on its merits) is there a possibility that the benefits exceed the costs; the benefits including the not inconsiderable expenditure that must be incurred on trying to reduce or eliminate corruption?

Briefly my argument on this (again as devil's advocate) is that corruption is a much less simple question than

is commonly implied and that it is far from clear that it is unambiguously in the *long-term ordinary bettor's* interests to spend much money attempting to reduce it.

To try to establish why this *may* be so (and to provide the basis for our later comments on the extent of inside information) we need to look at some data. I processed the forecast and starting prices on the 2777 races run in Britain during the 1973 flat season (involving 29,397 runners). The results, after standardizing the odds to eliminate the bookmaker's margin, are recorded in Table 1. Alongside each probability are recorded the number of runners who were forecast to start at that probability and the number who actually started at the probability. Also alongside in each case is the percentage of those runners who won.

Following through one probability (twenty five per cent) 344 horses were assigned this chance in the *Sporting Life* forecast; 26.2% of them won. And 292 were assigned this chance by their starting price; 25.0 per cent of them won. (Some of the 292 may have been in the 344 but there is no necessity for this and it is not relevant to the analysis whether or not they were.) Both forecast and starting price chances were accordingly very accurate at this probability. Elsewhere the 'calibration' is less good. (It is important to note that the percentage will be more trustworthy the higher the number of runners. We can be more confident about the reliability of the percentages where hundreds of runners are involved than where there are only a few. At the extreme, if there is only one runner at a probability the percentage can only be 100 or 0!)

Elsewhere in the study from which this table is drawn it is shown explicitly that there is a clear tendency for the S.P. probabilities to understate the winning chance at shorter odds and overstate them at longer odds. You can confirm this roughly from the present table by noting that column five usually exceeds column one down to the value of 50.0 (in the latter) and is invariably lower than it below 7.1. (Less than one per cent of runners were assigned an S.P. chance more than fifty per cent whereas over half were assigned one of less than 7.1 per Cent.)

My argument is that *a change* in the level of corruption leads to a shifting around of the numbers in this sort of table but that, after the adjustment, the basic features of the table will remain unchanged.

The argument is easier to follow in a simplified and hypothetical example (Table 2). Let's suppose that in a random 250 races run in period I (State A) there were always four runners involved and that (*after* standardizing the odds to 100) the favourite always represented a forty per cent chance and the other three runners twenty per cent chances (i.e. 6-4, 4-1, 4-1, 4-1.). Let's also suppose that the betting turned out to be perfectly calibrated so that of the favourites forty per cent won and of the non-favourites twenty per cent won.

During period I there was a certain level of corruption (doping, pulling, etc.) but let us suppose that a new drug now finds its way into the game or economic pressure leads to more trainers arranging for horses to be pulled in the furtherance of betting coups. As a result bettors begin to find that the 6-4 favourites are not winning as much as they ought to be 'on form', and the 4-1 shots are winning more often than they ought to be (State B). The result of this greater unpredictability of results is that favourites who would have previously gone out at forty per cent (6-4) are now let go at longer odds by bettors and the others are brought into shorter odds.

Table 1 1973 Flat Season: winning percentages at standardized starting and forecast prices
 Source Dowie, 1976, ppl48-9

PROBABILITY	STANDARDIZED FORECAST PRICES			STANDARDIZED STARTING PRICES	
	Runners		Winning Percentage	Runners	Winning Percentage
	(1)	(2)	(3)	(4)	(5)
87.5		1	100.0		
85.7				1	0.0
84.6				1	100.0
81.8		1	0.0	2	100.0
80.0				2	100.0
77.8		1	100.0	2	100.0
75.0		1	100.0	6	83.3
73.3				2	100.0
71.4		1	100.0	4	75.0
69.2		5	80.0	9	66.7
68.0		3	100.0	7	71.4
66.7		4	50.0	6	66.7
65.2		5	100.0	12	83.3
63.6		5	40.0	11	81.8
61.9		9	77.8	14	71.4
60.0		8	75.0	17	70.6
57.9		11	81.8	25	68.0
55.6		13	46.2	21	76.2
54.5		17	35.3	23	47.8
52.4		23	56.5	34	70.6
50.0		26	65.4	64	45.3
47.6		38	68.4	73	61.6
45.5		38	44.7	57	57.9
44.4		44	45.5	67	47.8
42.1		49	44.9	111	45.1
40.0		58	50.0	107	43.0
38.1		84	50.0	95	43.2
36.4		87	41.4	113	36.3
34.8		102	45.1	114	48.3
33.3		91	41.8	112	34.8
32.0		114	42.1	122	32.8
30.8		215	34.9	200	30.5
28.6		237	34.6	297	29.6
26.7		307	28.0	277	24.9
25.0		344	26.2	292	25.0
23.5		204	26.5	194	27.8
23.1		162	21.0	166	32.5
22.2		414	19.6	384	20.3
20.0		723	23.5	611	21.0
18.2		757	16.5	578	23.2
16.7		766	17.2	602	20.9
15.4		719	17.1	550	16.4
14.3		675	16.2	570	15.1
23.5		204	26.5	194	27.8
13.3		635	16.4	609	17.6
12.5		562	14.8	532	10.9
11.8		611	12.1	542	16.1
11.1		595	12.4	600	11.3
10.5		506	9.7	471	13.8
10.0		695	9.8	720	11.1
9.1		985	8.5	911	12.2
8.3		866	10.9	869	8.5
7.7		837	7.8	838	7.4
7.1		744	6.6	752	7.3
6.7		714	7.3	713	5.6
6.3		725	6.5	805	6.0
5.9		1,116	4.5	1,025	5.7
5.3		1,266	4.7	1,323	4.4
4.8		1,182	4.7	1,124	4.3
4.4		1,360	3.5	1,242	2.6
3.8		2,065	2.4	1,682	1.6
3.4		1,858	1.4	1,185	0.9
3.2		1,767	1.6	1,074	1.1
2.9		2,465	1.5	1,352	1.1
2.4		944	1.1	2,403	0.8
2.0		261	1.2	1,810	0.3
1.5		143	0.0	675	0.6
1.0		79	3.5	70	0.0
0.7		14	0.0	25	0.0
		-----		-----	
		29,307		29,307	

Table 2 Hypothetical example of effect of changing level of 'corruption' on betting markets

A AT OLD LEVEL OF 'CORRUPTION'

Odds	% Probability	Runners	Winners	% Winners	Expected Value
6-4	40	250	100	40	0
4-1	20	<u>750</u>	<u>150</u>	20	<u>0</u>
		1000	250		0

B BEFORE ADJUSTMENT TO NEW LEVEL OF 'CORRUPTION'

Odds %	% Probability	Runners	Winners	% Winners	Expected Value
6-4	40	250	90	36	-6%
4-1	20	<u>750</u>	<u>160</u>	21.3	<u>+6%</u>
		1000	250		0

C AFTER ADJUSTMENT TO NEW (HIGHER) LEVEL OF 'CORRUPTION'

Odds %	% Probability	Runners	Winners	% Winners	Expected Value
2-1	33.3	250	83	33.3	0
7-2	22.2	<u>750</u>	<u>167</u>	22.2	<u>0</u>
		1000	250		

As a result if we look at a similar sample *after* adjustment to the new level of corruption has been completed (State C) we find that the favourites are now accorded a one-third chance and the other runners twenty two per cent chances (i.e. 2-1, 7-2, 7-2, 7-2).

Betting is again perfectly calibrated and bettors as a whole are still losing whatever margin was built into the actual odds they faced (the margin which has been taken out in arriving at these figures). (There is little reason for the *expected value* of betting on horse racing, as given by the bookmaker's margin, to be affected by changes in the level of corruption.) The betting public has demonstrated its ability to assess and embody the effects of a change in corruption level in their betting.. So why worry? There *are* adjustment costs during State B but apart from this all that has happened is that we now have somewhat less predictable results than we had earlier. (I used perfect calibration in the example but calibration of any specified degree will suffice for the argument.) And even in State B all that has happened is that backers of the outsiders have benefitted at the expense of the favourite backers. Is State B less desirable than State A (or C) and if so, why?

Above all, note that this argument suggests a *reduction* in the level of corruption will have to be treated to the same analysis as an *increase*. If State C is held to be no less desirable than State A - and State B *is* held to be less desirable than either- then a change *downwards* is just as undesirable as a change upwards. A *stable* level of corruption is best, whatever its level (no pun intended).

What becomes clear is that a crucial issue is what amount of unpredictability the public wants in its betting. Obviously if corruption is 'total' every race will be completely unpredictable and all runners should in theory be assigned equal chances. Equally obviously if there is no uncertainty arising from any cause - all winners are certain before the race is run - there will be no betting. So one underlying question is what *degree* of unpredictability will satisfy bettors?

But perhaps bettors have preferences as to the *source* of unpredictability as well as its degree. Possibly so, but the ordinary bettor *may* not be as worried about the source of uncertainty as the racing authorities would like him to be. Paradoxically many may even prefer uncertainty arising from corrupt practice because they feel joined in battle with particular individuals (owners, trainers, jockeys) rather than with more impersonal forces such as 'luck in running'. They would rather try to predict humans than horses:

Inside tips, God forbid, in these Norman had no faith whatever. Why, after all, should those who risked their livelihoods and their personal freedom in doping or fixing in advance stick their necks out even further by passing the word to outsiders who would no doubt, in their own turn, pass the whisper even further? Once you have your ear to that kind of wishful thinking, you would soon lose all ability to discriminate truth from falsehood, good risks from bad ones, you might as well give up. He had no doubt that racing was basically crooked that horses were trained to win only certain races, that only a small proportion of entrants were really trying and that a large number of races were fixed in advance. The core of his system was to try to puzzle-out the methods by which the operators were trying to hoodwink the authorities as well as the public.

(Newman 1972 pp179-81)

Without denying that there may be considerable bettor feeling against corruption it is probably much less than that attributed to them by the racing authorities and enthusiasts, whose concern about corruption arises primarily from its impact on the *sport of racing* rather than on the *activity of betting*. Clearly corruption is undesirable if one is seeking to have the 'best' horse win the race. But then so is *handicapping* and it is legendary that handicaps generate much more betting than conditions races. Bettors as such are interested in the market odds on the winner not the equine merits of the winner. The less their concern with the latter the less they will be concerned about 'corruption'. The *unthinking* deduction that since corruption is bad for racing it is bad for betting on racing has to be challenged.

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THE LIFE AND SECRETS OF A PROFESSIONAL PUNTER

Alex Bird

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My father, James Arthur Bird was a bookmaker, the only one in Newton Heath, a sprawling semi-rural suburb north of Manchester. He ran a coal merchant's business, but his heart lay in the dusty old rooms over the coal offices, where he ran his little betting empire. It was a secretive world that intrigued me as a boy...

Although I was not interested in being a great scholar, I became head boy and captain of the school soccer team, and at fourteen passed an entrance exam for high school. My parents were thrilled but I was to disappoint them. My mind was made up. I wanted to leave. My father and I had a man to man discussion in the parlour.

'You're a fool, boy,' he said

'Yes Sir.'

'Very well then, I think I can get you a job at the Co-op. You will do well there, they have a good pension scheme.

'No Sir, I don't want to work at the Co-op.'

'What then?'

'I want to be a bookmaker like you.'

There was no arguing with me. I told him that if he would not let me work in his business, I would find another bookmaker to work with.

'Very well then, you can oversee the clock bags and cross out the losing bets, but that's all. For the time being.'

Within months I had thrown myself into my father's mysterious world and soon he was relying on me. I learnt about the runners and got to know each man by name as I started to collect their clock bags with the jingling coins. Although this side of the business was illegal, the police turned a blind eye to it unless some local do-gooder complained. Then the police would unofficially inform my father that they would have to prosecute. He would put forward a 'dummy', a man with a pocketful of betting slips, to be apprehended on a street corner. The man would be fined ten pounds, which would be paid to him by us. He would also earn three pounds for his trouble. As the average weekly wage at that time was about two pounds, there was no shortage of volunteers. There was a sliding scale of fines: ten pounds for the first offence, twenty pounds for the second, thirty pounds for the third and so on. For this reason, a different man was put forward each time. It was all a formality to keep do-gooders quiet I never saw my father bribe any police officers. The most he ever did was to hand out a turkey at Christmas or a bottle of Scotch worth twelve shillings and sixpence.

Soon, my father, amazed at my dedication to his bookmaking business, let me work out the straight winning bets, for example, 2-1, 3-1 and 4-1. Then I progressed to 7-4 and 13-8. Slowly, I began to realise that perhaps there was real money to be made backing horses, provided a punter studied the form book. One day I spent my savings on an expensive set of hardback form guides and racing annuals. That evening, I went to my bedroom early after dinner and, armed with pencil, paper, the sporting papers and my new books I began to work. The more I studied the guides, the more I realised there was a lot to be learnt. From then on, my study of the form became a nightly ritual. If I missed an evening's work I would be eager to make up for lost time. As I worked deep into the night. I would hear my father's footsteps on the stairs. He would stop on the landing and sigh in despair.

'That damn boy is wasting a fortune in gas. Why doesn't he sleep like everyone else?' he would say to mother.

In 1948, two years after my third son Jack was born I stumbled on the secret that was to bring me big rewards at the bookies' expense.

On a blustery day at Newmarket I was so engrossed in a conversation at the paddock, that I was late getting to my usual spot by the rails bookmakers in the Members Enclosure, where I could bet in running.

That day, however, I stood down near the rails opposite the winning post. As the horses approached it was a desperate finish and a photo was called for. In those days it took a full five minutes to develop the film

As the result was awaited the bookmakers created a separate market. Like most punters, I thought that the horse racing on the far side was the winner and he was soon a big odds on chance. Five minutes later I was amazed when it was announced that the horse on the near side had got the race. I looked back across the track, picturing the scene at the post in my mind's eye. Still I could not understand the incredible result Perhaps I had been standing in the wrong position? I went to a raised dais about 30 yards from the rails, directly opposite the post, walked up about six steps and created an imaginary line across the track- Then I decided to test the theory that was growing in my mind. My eyes would be a camera lens and I would keep my head still, seeing the horses for the first time as they crossed the line.....

I practised my method for the rest of the day, trying different positions and stances. Finally, I got it right, with an extra ingredient I kept my left eye closed, and that was to be my stance on courses throughout Britain, wherever the photo finish was operated, for twenty years.

My winnings were to bring me a mansion home, Daimlers, my own plane, a string of racehorses, a private dining room at Aintree and a box at Manchester United's Old Trafford ground. I was to be a lucky man indeed It was all courtesy of the bookmakers, my friends off the track and my enemies on it. Thanks to them and the photo finish I was to enjoy a successful career with a betting turnover of £2,000,000 a year...

In 1952 timing by the camera became available at Ayr, Ascot, Epsom, Newmarket and Salisbury. Each week, I thought the game would be up and the bookies would rumble my photo finish system. Instead my success went on and on and now I had won 500 consecutive photo finish bets at an average of £500 a time. My profit from those wagers was soon to soar to £³/₄ million. National newspapers were to call me Eagle Eyes and

the Daily Express ran pieces on me under the headline: 'Watch The Birdie'. Still no one knew the secret behind my bets. However, during these years I never stopped studying the form books that were my bibles, timing horses and finding new outlets for placing my bets. I had learnt that the only way to make big money backing was to have nerves of steel.

William Hill stopped me by the paddock at Goodwood in July 1966. 'Good God Alex, I never thought I would see you on a racecourse again', said the greatest bookmaker of the last fifty years. After the introduction of betting tax, Hill had told his board that the careers of men like Alex Bird were over. It was true that when the Chancellor dropped his bombshell, there was a funereal atmosphere at courses like Kempton Park, Newbury and even Cheltenham. If an undertaker had been fortunate enough to get a pitch on the rails, he would have done more business than the leading bookmakers. The days of the professional backer seemed numbered and with his demise the market became less of a true estimation. For the professional backer bets to figures, and if those figures cut down on his profit margin, it was no good him beating his head against a wall. He might just as well get out...

Hill was a great percentage man. A bookmaker has to be, but there were very few punters like me who were that way inclined. The first betting tax was two and a half percent. At the time I reckoned my profit on a £2 million a year turnover, after deductions for generous expenses, was one point eighty three percent. So I was obviously in trouble.

I consulted my records, which dated back to before the war, and by itemising a lot of my previous betting I was able to discover where my profits were the best.

I seldom bet on handicaps, but I used to bet on three-year-old maiden races. By going into it deeply, I discovered I was losing on them, especially three-year-old fillies' races. So I knocked them on the head. Finally, by being selective I found that I could still make the game pay.

PLAYING WITH CHANCE

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This paper is, I suppose, a contribution to the study of the philosophy of gambling. The business, legal and social aspects of the subject are important, but it is essential to think about the nature and significance of gambling as well. Without that we may go on swinging from pole to pole in our attitude, sometimes banning gambling because it is under a cloud, morally, and sometimes legalising it, principally to exploit it.

The theme of this paper was suggested to me when our grandchildren (then nearly three, just four and just five) became immediately, intensely and absolutely absorbed in gaming the moment we introduced them to it. In the week following Easter 1983 my wife and I took them into a seaside amusement arcade to shelter from the rain. They were not impressed by the one-armed bandits or by the video games. They responded at once when we came to a roulette machine.

In the centre of this, under a glass dome, was the wheel. The slots were not numbered but coloured red, blue, yellow, green and white. The odds were determined by the number of spaces appropriated to each colour. On each of the six playing sides a lamp was illuminated periodically to indicate that bets should now be placed. This was accomplished by inserting a two-penny piece into any one of five slots. Behind each coin slot a pair of light bulbs indicated which colour it represented. The nearest lit up to acknowledge the bet the second to show which colour had won. A pair of lights declared a winner and the appropriate number of two-penny pieces rattled into the box below.

I shared a supply of coins between the two elder children who could just see the lights and reach the coin slots. They heard the sounds emitted by the machine when the wheel turned but they could not see the wheel nor did it occur to me to lift them up to see it.

I was deeply impressed by the way they plunged into this activity. There was no time for Pavlovian processes to work and I saw no reason to ask what Freud or Jung would have made of it. The eldest a girl, was at first so excited that she could not extract a coin from her clenched left fist in time to play. She boiled with frustration until I showed her how to have a coin ready in time. Suddenly I noticed the youngest another boy, crouched between his brother and sister, one hand over each payout box, ready to grab the winnings. He did not protest when these were taken from him and given to the players to return to the machine

After perhaps twenty minutes funds were exhausted and we came away. As soon as we turned from the machine Elizabeth burst out in white heat excitement 'Can we come here again tomorrow?' My wife said: 'I expect we shall go to the beach tomorrow. (And how they love the beach.) Elizabeth replied, with great conviction, emphasising each word: 'But this is so much better than the beach!'

These are lively, enthusiastic, articulate children, active, inventive, imaginative. We know them and their

ways well. We have them without their parents for about six weeks each year but I cannot recall any response to any experience to match that. What had evoked it? The lights, the music and the rattle of coins? I was convinced that more than that was involved.

It was the way the children plunged into the play that gripped and held my imagination. It seemed to confirm a conviction which had been growing in my mind as I observed gambling from many perspectives over a period of twenty-five years. That is that gambling is, or is related to, a deep and real response to our environment. That is generally denied at least by implication. Those who disapprove of it tend to sweep it to one side as a deviance or a misdeed. Those who approve of gambling or just accept it, tend to pass it off as a peripheral activity, a bit of fun, a harmless flutter, just entertainment. For me, its ancient history, its ubiquity and power seem to suggest that it is both central and important

For two months the experience remained dominant but unproductive in my mind. Then, out of the blue, it was mated with memories of experiences of my own. These were associated with card and dice games played *without stakes* within the family circle or on wider social occasions. In particular, there was a game called 'Beetle', played in the form of a drive. Players sat four to a table. Those opposite each other were partners. Each player threw a dice in turn. A six allowed both partners to draw the body of a beetle, a five the head and so on. The first pair to complete a beetle shouted 'Beetle' and scores for that round were counted and each pair of winners passed to the next table. People became intensely excited. Some, when they had thrown the dice, could not let go of the shaker. The next player suffered agonies of frustration and would wrench it away in desperation. The emotions and commitment matched those of the children.

Once these experiences mated in my mind the conception and birth of an idea soon followed. On all these occasions, I realised we were *playing with chance*. The idea of people playing with chance reminded me of birds *playing with the wind* - an activity vividly described by Konrad Lorenz, a naturalist, in *King Solomon's Ring*. The comparison appeared to be relevant. We live with chance as the birds live with the wind. However, to discover the significance of playing with chance I had to ponder on chance itself.

First, viewed objectively, cold and distant, or so it seemed to me, chance plays an important part in the origin and development of existence and life. I cannot speak or write with any authority on these matters. My only formal study of physics was at school in the 1920s. I therefore sought some pre-digested information and appealed to Jack Dowie of the Open University. He sent me some literature prepared for students taking their course on Risk. In a section: 'Chance and Indeterminacy in the Physical World Picture' prepared by Fred Holroyd I found a statement which seemed to distil the message of the whole: '... Chance is a property of the laws which govern physical behaviour...'

Further, I read that a crude classification of physicists would be: realist determinists, realist indeterminists, positive determinists and positive indeterminists. The reason for such a diversity of positions is, no doubt that no theory satisfies all the 'facts' and that it is indeed what the facts are that is at issue. Sympathetically, not at all making fun, I saw in my mind's eye a physicist of any school, sitting down in front of objective reality and plucking from his general position first one concept and then another, saying: 'She loves me, she loves me not, she loves me ...'. (It could of course, be a sociologist, a theologian, a psychologist, an economist.)

By power of suggestion that figure led me to consider, in the second place, our warmer, mistier experience of uncertainty in our dealing as persons with the cosmos, the inhabited world. The same questions disturb the

civilised and the uncivilised. Is there meaning and purpose? Is there ultimate reality? If so, is it benevolent, antagonistic or just indifferent to the human race? Do we matter or do we just think we do? There is evidence for 'yes' and there is evidence for 'no'. Taking it all together the answer seems to be either 'maybe' or a non-committal 'Uh-huh?'

What a rich field for gamblers! And from it what a rich harvest of magic, soothsaying, necromancy, religion and astrology. All these have their origin in, and draw their strength from, uncertainty. People don't *play* with chance, so conceived. Those who seriously have dealings with these areas of life are careful to put on every available spiritual protection.

Third I considered chance as an inescapable fact of life, beginning with conception in our mother's womb. What were the odds against my ever having been born? Another occasion and it would have been another person, not me. What chance arrangement of chances, through the generations, provided just that assortment of genes which makes me myself? Further, as we grow, develop and pursue our lives an endless variety and succession of contingencies affect us. Risk and chance may be perceived as shuffling a huge pack of possibilities from which actual situations and events are dealt.

We guard against risk and insure against it. Chance, in its brighter aspect, is always present as well. 'You never know your luck', we say. Even so, we know that it is risky to take chances. On the other hand some risks are taken for enjoyment, for example, sailing, hang-gliding, rock climbing. Lorenz's ravens do this, but on a grander scale. He says:

... And look what they do with the wind! ... Nearly, but only nearly, do they give the storm its head let it throw them high, high into the heavens, till they seem to fall upwards, then, with the casual flap of a wing, they turn themselves over, open their pinions for a fraction of a second from below against the wind and dive into the depths below. Another tiny jerk of the wing and they return to their normal position and on close-reefered sails, shoot away with breathless speed into the teeth of the gale, hundreds of yards to the west: ... just to spite the ... wind that tries to drive them towards the east.

But it is a game, he says, with practiced movements that have been learned and are indulged in and enjoyed for their own sake. It is based upon an exact assessment of distances, understanding of local wind conditions and knowledge of up-currents, air-pockets and eddies, for each bird an individually acquired accomplishment. When we play with chance by contesting the elements we learn skills, take precautions and endeavour to keep risks within limits. We exercise great care if we take any liberties with chance in its natural environment.

On the contrary, in order to play with chance without inhibition we insulate ourselves from all that, as can clearly be seen from the ethos and general arrangements of a casino. That is another world. We would not dare cross a road once in the way dice are thrown there all the time. What are we doing? Thumbing our nose to chance? Worshipping in its temple? Or perhaps responding to vibrations to which the substances that now form the molecules that compose our bodies have been accustomed for millions of years?

However that may be, gaming is properly a holiday experience - a vacation from the restrictions placed upon us by caution in our daily dealings with uncertainty, risk and chance. If that is so, gaming is properly a fantasy experience, a sort of Disneyland time.⁽¹⁾ Chance is removed from its context so that it can be enjoyed freely. Is that its appeal? Playing with a tame tiger would be nothing by comparison.

Unfortunately, there is a leak in the insulation. The plastic chips in the end have the value of money. The score, at the end of play, is a matter for reckoning in the cold light of day. Fantasy risk comes home with a bump as real consequence.

On reaching this point in my thinking I felt as if I had run my head into a wall. Was I implying that the family and social no-stake games are the norm?⁽²⁾ That the introduction of money values *spoiled* them? I put this to a friend who frankly said that without money being involved gaming would lose its appeal. I had to recognise that most people would agree with him.

I nearly lost heart. Then I remembered that playing with chance in family and social games with no money stakes works if working means getting the adrenalin to flow. It gives the same excitement. Further, the friend who challenged me on this point added that when he plays in a casino, as he does occasionally, he sets himself a limit, to lose, perhaps, fifty pounds and when that is gone he stops,. But what does he stop? Just losing money? Is that the activity he stops? Is that what it is all about? Not at all, He stops *playing* which he could happily have gone on doing had not the leak in the insulation worked in the opposite direction so that the money value intruded itself, destroying the fantasy and spoiling the play. ⁽³⁾

Then I recalled an incident which proved, at least to me, that games, even without money stakes, have power even to induce people to lose control. In London, in 1979, in connection with a seminar on compulsive gambling for social and medical workers, a simulated game of roulette was arranged in a casino to help those who were attending to understand the appeal of gaming. There were croupiers and chips, but no money stakes. One woman, of young middle age, was immediately and correctly recognised, *by the way she played*, as a compulsive gambler. That day she became, and still remains a member of Gamblers Anonymous. Another, a man of senior middle age, whose first introduction to gaming this was, was deeply embarrassed and humiliated by his own immediate and complete loss of control. They experienced the real thing without the 'real thing' if the 'real thing' is money stakes.

In any case, it is just this leak in the insulation which, because it involves the risk of losing money, prevents many people from participating at all in the enjoyment of gaming in a casino. For others the enjoyment is severely reduced by caution as they restrict themselves to venturing occasionally and only on evens bets in order to play for the longest time possible on the limited amount of money they are prepared to risk. Indeed, it is just that leak in the insulation which nuns gaming sour for many who are carried away by the 'action' and lose more than they intended. It is just that leak, also, which turns gaming sour for governments and societies, encouraging corruption, making difficult the enforcement of the law and inviting the attention of organised crime.

How could we get it all so wrong? It should not be surprising. It is our way as create problems for ourselves, by forming good institutions and then misusing them. One man, centuries ago, thinking this over, wondered how to explain it. Perhaps a myth, he thought, a garden, maybe, some forbidden fruit and a serpent - paradise lost. Lost innocence really a loss, sophistication no gain?

How do we find the way back? Who will open a Disneyland type of casino, charging an entrance fee and letting people enjoy the fantasy of riding on chance without money value in the stakes? Which State will give it legal standing in spite of the fact that the existing leak in the insulation would pour so much cash into its coffers? It may be too much to expect that we should at once deny ourselves the forbidden fruit.

There is evidence round the world (compare, for instance, the United Kingdom, the United States, France and Germany) that suggests, however, that the smaller the bite the less the trouble that follows.

Footnotes

- 1 The foregoing discussion relates to casino gaming in a way that it does not apply to betting or lotteries. These are not games. Betting is concerned with making a decision about the likely outcome of an event the result of which is not known but is *not* randomly determined. The stake commits the bettor to his opinion. The subsequent passing of money from the loser to the winner is probably of secondary importance. A lottery, on the other hand, is about money and is a means of collecting it in smaller sums from many participants and distributing it in larger amounts to the winner or winners. Any excitement attaching to the 'draw' is of minimal interest because of lack of personal involvement in the random determining process.

Of course, something of the nature of gaming can be imparted both to betting and lotteries. This has been done in British betting offices and in United States betting parlours. In both cases, in order to raise funds for horseracing (and for the State) punters are offered the maximum possible number of events on which to bet. No doubt many select one or two events on the result of which they consider they can reasonably form an opinion. Many others, however, who bet in swift succession from race to race, mostly on 'hunches' and principally for the excitement involved, may be said to be 'playing with chance'. To a lesser degree 'instant' lotteries and the experimental 'video' lotteries in the United States have the same effect.

- 2 Incidentally, when this paper was read at the Sixth National Conference on Gambling and Risk Taking in Atlantic City, New Jersey, USA, in December 1984, a member of the audience volunteered the following information. For two days before the official opening of the first casino in Atlantic City members of the public were admitted to play the various games with 'Monopoly' money. Not only did more people attend than on any subsequent occasion but the activity at the tables was continuously so great that there were always some trying to find an opportunity to take part.
- 3 In his paper, 'Coin-operated Games: Perils, Problems and Promises', delivered at the Atlantic City conference, Rufus King referred to bona fide amusement games which employ gambling themes - poker hands, blackjack, dice, etc. These accept only a single coin as consideration for each play and give the player a set number of points which he can play or bet precisely as if he had bought chips on entering a casino. He can use them in several successive plays and the machine will shut down either when the stake is gone or when the allotted number of plays is completed. 'In short, [these machines] *sell the amusement inherent in simulating casino play with imaginary chips...* These games have found favour with adult audiences...'. (emphasis supplied)

THE NATIONAL AND THE DERBY - THE BEST OF BRITISH

Margaret Miers
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The Grand National and the Derby are the two races in the horseracing calendar that generate the highest levels of public interest, betting turnover, and racecourse attendance. Though only 2 of more than 5,000 races they generate at least 1.7% of an estimated £2546m staked on horseraces,⁽¹⁾ and whereas total attendances at race meetings have dropped to 3.8 million⁽²⁾ in the 1980s, an estimated $\frac{1}{4}$ to $\frac{1}{2}$ million through the downs on Derby Day. The National and the Derby, in particular, draw on the wide appeal of horseracing, to which the Royal Commission on Gambling attests:

... it is followed with enthusiasm by town and country and by all classes of people. Not that racing is classless. One has only to look out over the enclosures of Epsom on Derby Day to see how the British take their class structure with them to the races. But the attraction of racing for royalty, aristocracy and the middle and working classes means that, racing is, perhaps more than any other, the sport of all the British people.⁽³⁾

The popularity of horseracing ties, at least in part, in the way in which it can be seen to reinforce and reflect values and characteristics British people see as particularly their own. The Grand National and the Derby are represented in the daily press as national events which, in different ways, represent the 'best' of British traditions. Both events, in the best tradition of British traditions, combine greatness and quaintness,⁽⁴⁾ elitism and egalitarianism, and encourage widespread involvement with supreme tests of skill. Although punters' participation in both races is encouraged in the press via the promotion of office sweeps as well as betting tips, the Grand National is presented as a 'lottery', which, whilst still 'the supreme test of courage of man and horse', *anyone* can win as the result of chance. The Derby, in contrast, is the chanceless test of the best, seeking each year a horse to rank among the greats' in racing and British history.

Images of the British nation and character are explored in an Open University Summer School for the course 'Popular Culture'. Students are asked to free associate (that is verbalise rapidly and without reflection the things the stimulus calls to mind) about 'The British Character', 'The Nation' and 'The National Heritage'. In my experience of this exercise with different student groups, British adults use similar terms to describe Britain. The Queen, The Royal Family, The Union Jack, Parliament, and London are the dominant images of 'The Nation'; countryside, historic monuments, Shakespeare, and the Pub, are among the shared images of 'British Heritage'. 'The British character' is seen as exemplified by John Bull and Churchill; the qualities identified 'proud', 'steadfast', 'brave', 'courageous', 'tolerant', 'reserved', 'fair play', 'stiff upper lip'. What is emphasised in our national images is history, tradition, and a *selective* greatness, looking more to our rural past and our wartime success than to our industrial revolution and peacetime achievement. Our 'qualities' are favourable, emphasising pride not arrogance, tolerance and fairplay rather than class or racial consciousness. We see ourselves as reserved not snobbish, steadfast not obstinate, patriotic not chauvinistic, brave and courageous not violent. Even for Irish, Welsh and Scottish adults, images of Britain are images of *England* (villages, London). Even for women, British characteristics are 'manly', although the Queen is the Nations head and figurehead.

Much of the daily reporting of horseracing, and in particular, the more important races, reflects and reinforces these images. A review of the Times, Guardian, Express and Mirror reporting of the Benson and Hedges Gold Cup, York 1983, revealed a familiar string of adjectives and nouns to describe both horses and jockey; 'strength', 'stamina', 'consistency', 'toughness', 'sterling performance', 'brave'. The race is seen as a battle, with horse and rider launching or withstanding 'determined assault' or 'dangerous looking attacks'. Much race reporting is concerned with the continuing tradition and excellence of the classic races and of British bloodstock. The Sunday Times (9/6/85), for example, in reporting on Henry Cecil's Derby-Oaks double, notes that 'the trainer is continuing in the greatest of traditions' and links Oh So Sharp to 'the Oaks heroine Petite Etoile'. This report reflects a further tendency of racing reporting, to emphasise individual effort rather than team success. The Sunday Times chose to report on the Oaks in terms of the trainers success, giving scant attention to the Jockey, Steve Cauthen. In the 1983 Benson and Hedges Gold Cup the Express saw success as Pat Eddery's, who made his 'own decision to take the lead and win, whilst the Mirror saw the trainer, Vincent O'Brien, as responsible for the victory. (An individualistic ethic may help foster the punters illusion of control. ⁽⁵⁾

The Derby, in particular, is represented as linked to British history, heritage, and institutions. There are references to the race on financial pages – 'Derby Day leaves leaders at the Post' (Headline on Stock Market Report. The Times 7/6/84, p16) - in parliamentary reports - 'Outrage amid the Ungrand Senors' (Michael White's column in The Guardian 7/6/84, - and in editorials - The Star says (inter alia) 'May the best horse win. And let everyone have a super and safe day out. We deserve it' (The Daily Star 5/6/85). These references to the race beyond the sports pages acknowledge the strong support for Derby Day amongst the traditional upper echelons of British society as well as the readers of the tabloid newspapers. Derby Day, in 1984, coincided with the 40th anniversary of 'D' Day. Reporters made much of their opportunity to identify Derby Day with British history. The Times (7/6/84) likened the Epsom downs to Normandy beaches, reporting that 'in the early hours of yesterday morning an expeditionary force invaded the undefended territory of Epsom downs and occupied the commanding heights.' The Sun made the most of Royal racing interest. (See The Sun front page.) In the context of such reporting, the comments concerning commercial sponsorship of the race, attributed to Lord Howard de Walden in the Express William Hickey column, do not seem out of place. To me it's not the Ever Ready Derby, it's not even the Epsom Derby. It's just the Derby. The greatest race in the world. I suppose I'm a traditionalist but why do they have to do it? Of course it could be worse. It could be some Japanese firm ...'(6/6/84).

The emphasis on tradition and history leads to an emphasis on the greatness of the race, the horse, the jockey, and perhaps an unwarranted pre-race extolling of the likely winner. El Grant Senor, favourite for the 1984 Derby, started at the shortest odds since the war, and ran under a burden of superlatives. The Daily Star's feature on 'The making of a Superhorse', quotes Vincent O'Brien 'the world's most successful trainer' as saying 'El Gran Senor may be the best horse I've ever trained', and Alex Bird 'the country's most successful professional punter' as saying 'I think we are looking at a horse who could prove the best of the century'. Swan Vesta's advert 'There's only one sure fire certainty' may not have prompted much critical reflection on the certain tone of headlines such as 'Si, Si, Senor' (Sun), 'Si Si it's Senor (Mail), 'El Gran Senor to Give O'Brien Seventh Derby' (Telegraph). ⁽⁶⁾ (Students of English grammar could learn a lot from the way the future is transformed into the past in the morning newspapers.)

But despite the consensus about the expected winner, the public were still invited to treat the race as a lottery by running sweepstakes, for the Derby, despite its classic elitism, is a day for us all, 'a great occasion for you and me. The have-nots' feast on jellied eels and halves of stout; the haves' enjoy lobster and

THE Sun

Wednesday, June 6, 1984

16p

TODAY'S TV: PAGE 12

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Exclusive

Busman: I saw pair like Louise's parents

By SHAN LANGRISH and MICHAEL FIELDING
BUSMAN Fred Brand says "two women" he has a vital clue in the hunt for missing baby Louise Brown.
He is positive he can identify a mystery couple who travelled on his bus at the vital time little Louise was reported missing.
And he says they were similar to Louise's parents Paul Brown and Susan Pullen.
Fred said: "I contacted police when I saw a TV news bulletin about the missing baby."

Mystery

THE QUEEN'S DOUBLE D-DAY



She videos the Derby while
THE QUEEN will have a double D-Day as she
Normandy war heroes today-and -

honours the

watches the Derby on video.

says the mystery
of off his bus with
year-old girl out-
Post Office in
South London,
day-old Louise
ed snatched.
rent's said
her in their
stolen.
an hour
are miles
way.

BOY GEORGE'S long hair — which set a fashion worldwide — is FAKE.
Pop idol George — pictured above showing off his lovely locks — has had six inches of artificial fibre hair added to his own tresses at a cost of £100.
The star's cunning as revealed yester-

SUN EXCLUSIVE
terday by his hair-dresser, Simon Forbes, owner of the top Antenna salon in Kensington.
Simon said: "George needed a hair extension because he wanted a big style that didn't require too much attention on tour."

BOY GEORGE WEARS (False hair, that is) FALSIES

31 years ago.
But the crew of the Royal yacht Britannia will tape the Epsom classic while she is visiting the battle beaches.
The Queen will watch it when she returns to the yacht tonight after visiting the Commonwealth War Cemetery at Bayeux and joining other heads of state at Utah Beach.
And the result will be

kept secret until she watches the race.
A Buckingham Palace spokesman said: "Normally she keeps Derby Day clear — but the Normandy celebrations obviously came first. However, she will still see the race."
A 500,000 Epsom crowd and millions of TV viewers are expected to watch the race, which
Continued on Page Two

champers' (Express 6/6/84 p40). Only Alan Thompson in the Express acknowledges the 'problem'; in pretending that if there is a certain winner, the Derby is everyone's race. He hopes 'El Gran Senor is beaten out of sight' to avoid 'the grave danger that the Blue Riband of World racing will lose its identity entirely'.

In losing, El Gran Senor, allowed the press to have it both ways by revelling in the 'glorious uncertainty' of the Turf. The favourite's failure was unimportant compared to the surprise, sensation, drama and excitement in Secreto's win. The descriptions of Secreto's success are familiar. He showed 'brilliance and courage' (Daily Mail) he 'really put his head down and fought to win, It was sheer courage that won the Derby for Secreto' (Daily Star). Secreto's win in fact gave an opportunity to stress racing's egalitarianism. Trainer David O'Brien's win over his father Vincent prompted the headline 'David floors the Giant' (Sun 7/6/84), and, since Secreto's owner Luigi Miglitti was once a busman, Dempster's Diary records 'Coachman wins Classic'. (Mail 7/6/84)

The 'one time car dealer made good' story, suggesting that lives, as well as races, are lotteries that anyone can win, is an important feature of Grand National reporting. Though still the greatest test of man and horse, the unexpected win against all the odds has a very special place in National tradition. As Brough Scott explains in the Sunday times (31/3/85), the Grand National is 'more than just a horse race: a celebration of the excitement and drama and, of course, uncertainty that the ultimate steeplechase can bring. The truth about the Grand National is that, once the starter pulls the lever and the tension is released into forty pounding horses and millions of punters worldwide, everything is up for grabs.' Last Suspect, the 1985 winner at 50-1 reinforced the image of the National as a lottery, but with the three placed horses running at short odds (12-1, 9-1, 13-2), to overall outcome of to race was far from unpredictable.

Even to reporting on *favourites* for the National stresses the 'against to odds' feature of merely competing in the race. As the Times Sporting Diary commented on West Tip, (the 1985 joint favourite) 'the horse has all the necessary credentials for a National winner - chief of which is utter improbability. The horse has no right to be alive let alone racing'. (West Tip had had 76 stitches after a lorry collision.) The fairy tale story of Bob Champion and Aldaniti in 1981 has confirmed the 'utter improbability' tradition but it has a longer history. Victor Green, writing about Red Rum and Brian Fletcher in 1974, begins the story by recording Red Rum's fall at Catterick in 1972, and Fletcher's refusal to give up riding after a serious racing accident to same year.⁽⁷⁾

Compared to the Derby, of course, such unlikely stories are much more probable since to older horses competing in to National have had time to recover from injuries and most National Hunt jockeys have probably spent some time unconscious or at least in a hospital bed. The National lacks the Derby's close links with Royalty and to state but it has its own tradition full of 'thrills and spills' and it glories in the amazing turns of fortune that can derive from 'the mystery and magic of the Aintree fences' which give everyone a chance to 'make good'. Of all the themes that emerged after Hywel Davies's win on Last Suspect in 1985, most popular were the 'happy winner who came back from the dead (Davies had 'died' three times after a fall at Doncaster) and the unpredictability of the win since 'not even little Miss Marple could have spotted a single clue about the chances of 50-1 winner Last Suspect' (The Sun 1/4/85 p26). The qualities the horses showed were, however, predictable. 'Determined Last Suspect' beat, among others, 'brave Corbiere'.

Whether or not the Grand National is 'really' s much more unpredictable race than to Derby will be the focus of some of my research, as will a much more thorough review of press coverage of the races. Taking to betting market as an indication of publicly available knowledge about to horses 'relative chances, I am

comparing the Derby and the Grand National 1885-1985 in terms of favourite's odds, average odds, winners' odds and percentage of stakes returned to the punter. It is also possible to compare % stakes returned on the Derby and National with % stakes returned on all flat races in a few particular years. Whether the differences in reporting on the Derby and the National derive from the fact that the Derby *is* a more 'certain' race, will be examined. Also whether, *as a separate question*, betting on the Derby, is less of a lottery for the punter.

I would argue though, in a sense, it doesn't matter how predictable the races, or betting on them, 'really' are. What matters is what we like to see them represent. how they reflect and reinforce aspects of our lives we hold dear. The Derby stresses and upholds a traditional belief in Britain as best. It is a public festival but the Queen and the elite thoroughbreds are the centrepiece. It is about winning and finding the best horse, not just of the day, but perhaps of all time. The sums of money involved are seen as less important than the qualities participants portray. These qualities of courage, stamina and fairplay (gloried in by the press reporting of Vincent O'Brien's distress at Eddery's objection against son David's horse – father 'was praying' son would win), the Derby shares with the National. The surprises both races can offer allow the elitism to be tempered by the notion of equal chances for all. It matters that we all might win even though only some can. The National, in particular, appears as the race of the people and it offers a range of stories, all of which illustrate characteristics we see as worthy of respect, and as British. Last Suspect's win in 1985 mainly prompted the obvious 'no clue' and 'utter improbability' post-race stories but it also produced a eulogy to Davies's 'faith, patience and understanding' and his 'marvellous feat of sympathetic horsemanship' and praise for the 'modest and unassuming trainer's respect for the judgment of his jockey' from *The Times* (1/4/85 p21). Ian Wooldridge in the *Mail* (1/4/85 p37) found the 'unique grandeur of the Grand National' to lie in the dignity of Mr and Mrs Shaw, owners of the 1984 winner, Hello Dandy, who fell at the first fence this year: 'their comportment in absolute triumph and nearly ultimate disaster, never changed. The age of the stiff upper lip is not entirely dead.'

If British self-images remain a mix of contradictory and idealistic images of elitism and egalitarianism, strength, courage, and stoic fairplay, then the most exciting horserace in the world will be remembered by someone for the participants' reserved response. What is remarkable is the way in which The Derby and the National can seem to reflect so many attributes we like to see as our own. As such whatever happens to the jockeys and horses in the race itself, the Derby and the National will remain, in different measures, supreme tests of both skill and chance-taking.

Notes and References

- 1 Calculated from article 'A Sunday selling plate too' by Woodrow Wyatt, *The Times* 1.6.85, p8. [But % on Derby and National an underestimate according to bookmakers' reports of bets laid.]
- 2 See *Gambling - some key statistics*, National Council on Gambling, p31 and Horserace Betting Levy Board, *Annual Reports*.
- 3 Royal Commission on Gambling, HMSO 1978, vol.1, p75 (Rothschild Report).
- 4 Woodrow Wyatt (*Times* 1.6.85), writes The Epsom Derby, the world's most famous and possibly most important horse race will be run next Wednesday. How quaint the British are to shunt such a race on to a weekday.'

5. See E Langer, 'The psychology of chance' reprinted in J Dowie and P Lefrere (eds) *Risk and Chance*, p98-120.
6. Steve Cauthen and Slip Anchor, 1985 Derby winners, prompted the superlatives after the race: 'Wonder Horse' (Sun) and 'Kentucky Wonder Kid' 'stormed to one of the most spectacular victories in the history of the world's greatest race'. (Mail)
7. Victor Green, *The story of Red Rum and Brian Fletcher*, Pelham Books, 1974.

UPDATE

Keren, Gideon and Wagenaar, Willem A. (1985)

'On the psychology of playing blackjack: normative and descriptive considerations with implications for decision theory'

Journal of Experimental Psychology: General, 114, 133-153

Investigates the decision processes of blackjack players in a natural setting. The main conclusion of the study is that the strategies and decisions of players take place at two different levels: one level, which may be termed rational, is in accordance with normative considerations insofar as normative criteria can be established. The other level contains intuitions, beliefs, and heuristics that are not always adequate and cannot be justified on rational grounds.

The "seventh box theory" is a particularly strong belief that is shared by a large majority of players, according to which the player on the seventh box (the last box to which players' cards are dealt before the dealers cards are dealt) controls the outcome of the game to a large extent. The belief is so well rooted that several players report that they avoid playing the seventh box because they do not want to take the responsibility. Obviously the player occupying the seventh box cannot know the values of the cards to come out from the shoe; the only way players judge whether the decision was *good* or *bad* is afterwards, when all the cards have been dealt and the outcome is known. Players' tendency to ignore the original uncertainty that was involved before the cards were dealt and to exaggerate what could have been anticipated with foresight is another instance of the hindsight bias documented by Fischhoff. The hindsight phenomenon is not restricted to the seventh box theory; the judgment of whether a hit decision was *correct* or *incorrect* is commonly made by players only after they have seen the outcome. In fact, the formation of the frame of luck is based to a great extent on a hindsight viewpoint that eliminates the uncertainty which actually dominates the game.

It is suggested that the decision processes of the observed players can best be described by Simon's concept of bounded rationality - but that the irrational or nonrational aspects are also bounded.

Wagenaar, W.A., Keren, G. and Pleit-Kuiper, A. (1984)

The multiple objectives of gamblers'

Acta Psychologica, 56, 167-78

Many participants in gambling games realize that the odds are set against them, yet this realization does not stop them from gambling. This suggests that gamblers have other goals beside maximizing monetary profits. The present study attempts to uncover these multiple objectives. A sample of 77 experienced Blackjack players were asked to express the degree to which they agreed with 45 statements about Blackjack. The scores were analyzed and yielded *three* interpretable dimensions which were labeled as *expected value*, *rationality of approach to the game*, and *risk attitude*.

Much research on decision making in uncertain or risky situations is based on experiments that in the eyes of the subjects resemble gambling. It has always been felt, and often expressed that the decision behavior observed in such experiments could and should be interpreted under the assumption that decision makers

maximize expected value. The present results demonstrate that other attributes also contribute to the utility structure of gambling situations. Some of the established results and conclusions in the decision literature might well have been influenced by the presence of these multiple objectives on the side of the subjects. An example of such a questionable theory is the well-known attempt to explain the general willingness to accept lotteries with a negative expected value. The explanation is in terms of a locally convex utility function of money, which would render expected utility positive even in cases where expected value is negative. The present data suggest that the utility of gamblers is a multi-attribute concept and that therefore the willingness to gamble cannot lead to cogent conclusions about the form of utility functions.

Gilovich, Thomas (1983)

'Biased evaluation and persistence in gambling'

Journal of Personality and Social Psychology , 44, 1110-26

Perhaps the most striking aspect of gambling behavior is that people continue to gamble despite persistent failure. One reason for this persistence may be that gamblers evaluate outcomes in a biased manner. Specifically, gamblers may tend to accept wins at face value but explain away or discount losses. If your detailed knowledge of two football teams leads you to bet on the eventual winning team, you would no doubt accept that outcome as evidence of your superior insight and gambling skill - never mind that fumble in the fourth quarter that allowed your team to score the winning touchdown. (Something like that had to happen sooner or later because, after all, you had bet on the superior team.) In contrast, if you had bet on the losing team, you would hardly accept that outcome as evidence of your lack of insight or gambling skill, because if not for that 'fluke' fumble in the fourth quarter that allowed the other team to score the winning touchdown, your team would have won. Thus, the outcome was not really a loss but a 'near win'. Experiment 1 tested this hypothesis by recording subjects' explanations of the outcomes of their bets on professional football games. The results supported the hypothesis: Subjects spent more time explaining their losses than their wins. A content analysis of these explanations revealed that subjects tended to discount their losses but 'bolster' their wins. Finally, subjects remembered their losses better during a recall test 3 weeks later. Experiments 2 and 3 extended this analysis by demonstrating that a manipulation of the salience or existence of a critical 'fluke' play in a sporting event had a greater impact on the subsequent expectations of those who had bet on the losing team than of those who had bet on the winning team. Both the implications and the possible mechanisms underlying these biases are discussed.

Malkin, David and Syme, Geoffrey I. (1985)

'Wagering preferences of problem gamblers'

Journal of abnormal Psychology, 94, 86-91

The wagering preferences of 16 male problem gamblers and a matched control group of 16 social gamblers were examined through a questionnaire and in an experimental context in *which* the opportunity to gamble was auctioned between 8 pairs of gamblers in each group. Six prize levels (\$50 to \$1,000) and seven probabilities of winning (0.1 to .99) were combined to provide 42 hypothetical bets for both the questionnaire and experimental measures. The results from the gamblers showed that there was a tendency for problem gamblers to bet more heavily than social gamblers when then; was less probability of winning,

whereas social gamblers were found to bid more when there was a higher probability of winning. Different prize levels did not produce significant differences in amounts gambled nor did the questionnaire measure show any significant differences in wagering preference between the groups.

The results of this study do not explain why compulsive gamblers prefer more risk than social gamblers. The reason may be more complex than a psychic masochism or the need to lose, as postulated by the psychoanalysts. Basic research should concentrate on issues such as risk-preference, the measurement of excitement or arousal during high-risk bets, measurement of superstitiousness and status of risk, as well as the reinforcement value of beating the odds. All of these issues should have a high research priority if future therapies are to be specific enough to be effective.

Rosecrance, J. (1985)
'Compulsive gambling and the medicalization of deviance'
Social Problems, 32, 275-84

Recent developments suggest that the medical model of compulsive gambling, despite its limitations, is likely to have a growing influence on definitions of gambling problems. Proposals to legalize gambling proliferated in the US in the early 1980s as financially-strapped state legislatures sought new sources of revenue. Debates over legalization have heightened the visibility of gambling problems and media accounts of compulsive gamblers increased. In states where various forms of legalization have occurred growing social acceptance and greater accessibility of gambling has broadened the pool of participants potentially subject to labeling as pathological gamblers. Most notably, some survey evidence now points to substantial middle-class involvement in gambling activities. Conrad and Schneider observe that such a development has been associated historically with increasing acceptance of disease conceptions of deviance. "As a particular kind of deviance becomes a middle-class rather than solely a lower-class 'problem' the probability of medicalization increases."

Traditionally, gambling has been tacitly accepted by the working and upper classes. In contrast, serious and sustained gambling has not been a typical pattern of behavior in the middle class (Newman, 1968). Until recently, then, middle-class individuals had relatively limited personal or associative experience with gambling and its possible consequences. Lacking such experience, many middle-class gamblers are relatively unprepared for the psychological pressures of losing and winning.... The middle-class gambler often has access to lines of credit and other sources of funds that are unavailable to lower-class gamblers. Such resources allow gambling to continue to the point where large debts may threaten the middle-class gambler's financial and social status....

Therefore, the historical process traced in this paper is likely to advance into the future. If Conrad and Schneider are correct, the medical monopoly over the definition and treatment of this form of deviance should be strengthened as middle-class gambling is targeted as a major social problem in the mass media and by advocates of disease designations.

Smith, R. W. and Preston, F.W. (1984)
'Vocabularies of motives for gambling behavior'
Sociological Perspectives, 27, 325-48

The authors advance an eleven-fold typology of the motives which have been proposed for gambling behavior: 1. to engage in play, leisure, and recreation; 2. to relieve boredom and generate excitement; 3. to gain monetary profit; 4. to have new experience and out of curiosity; 5. to challenge decision-making skills; 6. as a result of learned role; 7. to help escape frustrations; 8. as a result of special luck; 9. to be sociable and gregarious; 10. to gain prestige from others; 11. as a result of masochism and self guilt. They then interviewed 'ordinary gamblers' visiting Las Vegas to find out what 'verbal explanations' or 'accounts' such people provide for their conduct. It was found that the motive of "play, leisure, and recreation" was most often given, with the related motive of "relieving boredom and generating excitement" ranking a distant second. Significant variations in these responses were found according to sex and social class. Explanations of why other people gamble differed markedly from explanations of their own gambling behavior. Regarding this finding, the author's suggest that respondents were providing socially acceptable vocabularies of motives to defend self by neutralizing the social stigma attached to gambling and/or by justifying one's monetary gains and losses.

THE FOLLOWING PERIODICALS AND PUBLICATIONS PROVIDE ACADEMIC STUDIES OR CURRENT INFORMATION ON VARIOUS ASPECTS OF GAMBLING, AND MAY BE OF INTEREST TO INDIVIDUALS CONSIDERING ATTENDING THE SIXTH NATIONAL CONFERENCE ON GAMBLING AND RISK TAKING

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THE JOURNAL OF GAMBLING BEHAVIOR, sponsored by the National Council on Compulsive Gambling, is the first journal to be devoted to the study of social and pathological gambling. Aimed at professionals and laypersons interested in psychiatry, psychology, social work, anthropology, sociology and other social sciences, the journal will serve as a vehicle for the dissemination of information about the diagnosis and treatment of pathological gambling. Individuals wishing to submit manuscripts and other editorial correspondence should write Dr. Henry Lesieur, Editor, c/o National Council on Compulsive Gambling, 260 Fifth Avenue Room 903, New York, New York 10001. THE JOURNAL OF GAMBLING BEHAVIOR will be published quarterly, beginning April 1985, at an annual subscription rate of \$19 for individuals and \$40 for institutions. Inquiries regarding subscriptions should be addressed to Human Sciences Press, Publisher, 72 Fifth Avenue, New York, New York 10011.

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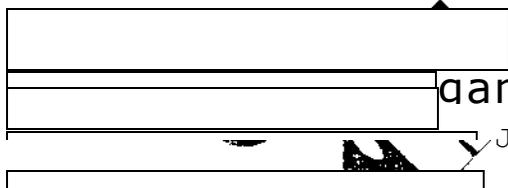
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THE ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SCIENCE, July, 1984 issue is entitled "Gambling: Views' from the Social Sciences". Issues are available for \$7.95 each (\$15.00 clothbound) from THE ANNALS, c/o Sage Publications, 275 South Beverly Drive, Beverly Hills, California 90212.

National Association for Gambling Studies



gambling in the 80's

July 10-12, 1985.

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