

LEGALIZED

GAMBLING

BY THOMAS A. PARMALEE



Essential Viewpoints

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ABDO
Publishing Company

CREDITS

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Printed in the United States of America,
North Mankato, Minnesota
052010
092010



THIS BOOK CONTAINS AT LEAST 10% RECYCLED MATERIALS.

Editor: Erika Wittekind
Copy Editor: Paula Lewis
Interior Design and Production: Kazuko Collins
Cover Design: Kazuko Collins

Library of Congress Cataloging-in-Publication Data

Parmalee, Thomas.

Legalized gambling / Thomas A. Parmalee.

p. cm. — (Essential viewpoints)

Includes bibliographical references and index.

ISBN 978-1-61613-522-5

1. Gambling—United States—Juvenile literature. 2. Gambling—Law and legislation—United States—Juvenile literature. I. Title.

HV67I5.P37 2011

363.4'20973—dc22

2010002528

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Pennsylvania Governor Ed Rendell displays a bill expected to generate \$1 billion in revenue from slot-machine gambling.

GAMBLING: PROBLEM OR SOLUTION?

When Pennsylvania faced difficult financial times in 2009, Governor Ed Rendell made a bold proposal. He wanted to legalize video poker machines. The profits would be used to help families making less than \$100,000 annually to

send their children to college. Under his plan, such students would be eligible for as much as \$7,600 in aid if they entered any of the state's 14 universities or community colleges.

The proposal ignited a debate that is at the root of the gambling issue: does legalizing certain types of gambling do more good or harm for society? In the Pennsylvania case, proponents pointed out that video poker machines were already thriving in Pennsylvania even though they were illegal. Rendell's proposal would merely allow the state to regulate and benefit financially from an existing industry. Others balked at putting the state's stamp of approval on an activity that some view as immoral or destructive.

The residents of Pennsylvania are far from alone in this debate. With mounting budget deficits and increased demands on public programs, more states have turned to gambling as a mechanism to raise tax revenue. Having already raised other taxes, legislators often see gambling as a way to fund useful programs with money that would otherwise be unavailable.

Lottery Gains

According to a 2008 Gallup Poll, approximately half of all Americans buy lottery tickets, leading to \$60 billion in profits annually. Approximately \$18 billion of that is spent on education, transit, and other state services. Many states rely more heavily on those funds when tax revenue from other sources goes down.

THE HEART OF THE CONTROVERSY

When people gamble, they pay money to place

Probability and Gambling

David Schwartz, director of the University of Nevada Center for Gaming Research, explained probability in gambling:

Take a fair die. There are six sides. Each has an equal chance of coming up on any given throw. The probability that the die will land with the “one” up is 1 out of 6. If you throw the die six straight times, you might see a single “one” come up once, twice, six times, or not at all. But over the long run, if you keep on rolling that die, you’re going to roll a “one” about once every six times. What does this mean for gamblers? Let’s play a game: You bet one dollar that you can roll a “one.” If you win, you get five dollars plus the one you bet. If you don’t roll a “one,” you lose the dollar. Is this a fair bet? Let’s say you bet six times. The first five, you lose. You are out five dollars. The sixth time, you bet a dollar again and win. You now have six dollars. This is an even game. Over time neither the casino nor the player will come out ahead. But what if you only won four dollars when you rolled a “one”? Then the casino would keep, on average, one dollar for every six that were bet. This extra dollar is the house edge. Casinos make money by taking lots of bets.¹

a bet or to play a chance-based game. Depending on the outcome, they may win more money than they paid. But the chances of winning are usually very small, and many people lose money gambling. In the United States, state and local governments often ban or regulate certain types of gambling. In 2009, gambling was legal in every state in the United States except for Utah and Hawaii.

Gambling exists in the form of lotteries, sports betting, or other chance-based games such as those found at casinos. Many state and local governments, and even the federal government, rely on the tax revenue generated from such enterprises.

If gambling simply raised money for important programs such as education and had no ill effects, there might be no argument about its place in society. But critics say the costs are too high as gambling hurts individuals, families, and businesses. Some also object to gambling for religious reasons. Proponents, however, point out gambling's ability to create jobs and boost tax revenue.

Internet gambling has become increasingly popular, creating new wrinkles in the debate. In 2006, the U.S. Congress passed the Unlawful Internet Gambling Enforcement Act, which mandated that financial institutions block transactions related to gambling on the Internet. However, restrictions on Internet gambling have been difficult to enforce. Very few people have actually been prosecuted for taking part in it, but the law has discouraged some offshore companies from accepting U.S. customers.



Suzii Paynter of the Christian Life Commission speaks out against gambling devices such as the bingo lottery terminal in Texas.

ARGUMENTS FOR ALLOWING GAMBLING

Many arguments that favor gambling are based on financial reasons. State and federal governments use the tax revenue from gambling to bolster education programs, law enforcement, and other services valued by the public. Gambling also creates jobs. With so many people visiting casinos, these establishments have become an engine for economic growth. Proponents also argue that nearby businesses

benefit from having so many people visiting casinos. Others argue that if gambling were not legal, it would simply thrive underground. States and the federal government would then have to deal with more illegal gambling, spending more money on law enforcement without an increase in revenue.

Proponents of legal gambling also argue that it is a legitimate form of entertainment. While a few people develop an unhealthy addiction, most people who enjoy gambling are aware of the risks and act responsibly. Some people say that making gambling illegal would be a violation of their civil rights.

ARGUMENTS AGAINST GAMBLING

The biggest issue with gambling, according to critics, is that people can become addicted to it. They lose more money than they can afford. Problem gamblers ruin not only their own lives but also the lives of family members and friends. Sometimes, an addict may even resort to illegal acts to finance his or her gambling problem or to pay off debts. According to the National

“Gambling is inevitable. No matter what is said or done by advocates or opponents of gambling in all its various forms, it is an activity that is practiced, or tacitly endorsed, by a substantial majority of Americans.”²

—*Commission on the Review of the National Policy Toward Gambling*

Popularity of Gambling

According to a 1998 study conducted by the National Gambling Impact Study Commission, 86 percent of Americans said they had gambled at some point in their lives; 68 percent said they had gambled in the past year. Gambling generates billions of dollars in revenue. In 1998, United States gamblers lost an estimated \$50 billion in legal wagering. By 2003, that number had grown to \$72 billion.

Opinion Research Center, people who live within 50 miles (80 km) of a casino are more than twice as likely to develop a gambling problem as those who live farther away.

Another reason people oppose gambling is because of its effect on children. Studies have shown that children who are exposed to gambling or who gamble themselves are more likely to become problem gamblers. As gambling increases in popularity and becomes more socially acceptable, more people are turning to it at an earlier age.

Many people sum up their objections by referring to the ABCs of gambling problems: addiction, bankruptcy, and crime. But do those dangers outweigh its value in tax dollars and entertainment? The debate continues. ~



Tom Gray, executive director of the National Coalition Against Legalized Gambling, opposes video poker machines at horse and dog racetracks.



Gambling in China in the late nineteenth century

THE HISTORY OF GAMBLING

Gambling has been around in various forms for thousands of years. The Bible contains many references to casting lots to communicate with God, which would be something akin to flipping a coin. Casting lots was used as a way to determine

matters such as how to allot land or who to reward based on chance. This practice evolved into forms of wagering, such as rolling dice.

Gambling continued in many countries, such as ancient India, China, Greece, and Japan. Several countries had lotteries. In a lottery, people buy a ticket or other instrument in hopes of winning a prize through a drawing. Lotteries and other forms of gambling have been used to finance government works for a long time. For instance, a lottery was conducted in China between 205 and 197 BCE, during the Han Dynasty. Historians think that some funds from the keno-like game were used to finance the building of part of the Great Wall of China.

By 1420, lotteries were being used in Europe to finance public works. Land, art, and other valuable items were also sometimes awarded through such contests. England played an important role in the development of how governments approach gambling. Beginning in the sixteenth century, it used revenue generated from lotteries to build the Westminster Bridge, to fund its navy, and to establish the British Museum. Queen Elizabeth I oversaw the first English lottery in 1569. Prizes ranged in worth from less than a dollar to \$25,000.



Lottery drawing in Lima, Peru, in the early twentieth century

EARLY GAMBLING IN NORTH AMERICA

In 1607, the Virginia Company of London established Jamestown, the first permanent English settlement in North America. The Virginia Company conducted a lottery in 1612 to help support the settlement. Throughout the 1620s, it conducted several additional lotteries to help raise revenue. However, the company was eventually stripped of its ability to continue raising funds in such a manner because of charges of mismanagement.

In the American colonies, both public and private lotteries thrived. People who participated could win money, merchandise, land, and slaves. People often used lotteries to try to win money in order to pay debts. With the founding of the United States, lotteries initially continued to thrive. Some early lotteries were conducted by private operators, and some were approved by state legislatures. These games often benefited a private institution, such as a college or a hospital. Schools such as Princeton, Harvard, Dartmouth, Yale, Brown, Columbia, and Rutgers received money from lotteries.

Other forms of gambling also prospered in the 1800s, as settlers looked to make money quickly. Particularly in newly settled areas, gamblers gathered in taverns, roadhouses, and gaming halls. They played dice, cards, and other games for money. Simple slot machines were invented in 1887. The atmosphere often was noisy and unruly; violence and theft were common. Citizens not involved in gambling often viewed these

Jefferson on Gambling

President Thomas Jefferson is often quoted as having called the lottery an “ideal fiscal instrument, one exacting payment solely from those who choose to play.”¹

Frontier California

During the Gold Rush that began in 1848, settlers came to California in search of easy money. These early settlers embraced the thrill of gambling. Historian John M. Findlay described this in his book, *People of Chance: Gambling in American Society from Jamestown to Las Vegas*. "Nothing better summarized the restlessness and adventure of the first far western mining frontier than the play at these early clubs, where crowds gathered nightly to challenge fate at games more public and commercial than ever before."²

establishments and the people who frequented them with contempt. As the nation grew, gambling came to be seen as destructive and improper and was outlawed in some areas.

LOTTERIES LOSE THEIR LUSTER

Fraud has sometimes been part of lotteries and other forms of gambling. A private lottery authorized by Congress in 1823, for example, was supposed to help beautify Washington DC. Instead, the independent organizers stole the money. The Supreme Court ruled that the city still had to pay the winner of the grand prize. Incidents such as this caused the public to become disenchanted with lotteries.

Religious reformers attacked lotteries as immoral. While gambling is not directly mentioned in the Bible, some religions have associated it with idleness that they believe would offend God. The Quakers, for



People playing roulette at the Flamingo Casino in Las Vegas in 1955

instance, persuaded Pennsylvania to ban lotteries in 1833. By 1840, nine other states had banned lotteries due to public objections. By 1860, only Delaware, Missouri, and Kentucky still authorized lotteries. Lottery tickets from these states were shipped throughout the country. Illegal lotteries were also popular.

Lotteries took a new form after the American Civil War ended in 1865. Lotteries were conducted to help rebuild Southern states. Private operators

Gambling and Statehood

In the early twentieth century, gambling was a very controversial topic. New Mexico and Arizona were forced to outlaw casinos to gain statehood. By 1910, almost all forms of gambling were outlawed throughout the United States except for horse racing in three states. Some illegal gaming operations continued to promote gambling during this time. This was often accomplished by paying local law enforcement to overlook activities.

held national lotteries to raise money for bridges, schools, and other needs following the war. But lotteries fell out of favor again by 1890. Under public pressure, President Benjamin Harrison pushed Congress to prevent lotteries from using the federal postal service to sell tickets. From then until the middle of the twentieth century, lotteries and other forms of gambling were generally viewed as socially unacceptable. Gambling continued to exist, but it was largely an illegal, underground activity.

THE RESURGENCE OF LEGAL GAMBLING

As anyone who has ever walked into a gasoline station knows, lotteries have made their comeback. In 1964, New Hampshire became the first state to operate a lottery in more than 70 years. Legislators approved of the lottery because they did not want to increase taxes. Several states followed New Hampshire's lead. As of 2008, more than 40 states had lotteries. Politicians throughout the country now regularly speak of the benefits of lotteries. However,



Slot machines at a casino in Atlantic City, New Jersey, in 1978

a debate remains as to whether the government should be involved in the promotion of gambling.

Unlike those in the past, modern lotteries are conducted by the state instead of by an independent operator. State-run lotteries have become a widespread component of state budgets, alongside taxes. Modern lotteries also offer more options for betting than ever before. In many places, drawings take place daily, and scratch-off tickets let people know instantly whether they have won. Along with lotteries, other forms of gambling also have gained acceptance. Examples include video poker

Shift in Thinking

From 1974 to 1976, the Committee on the National Policy Toward Gambling conducted a comprehensive study of gambling policy and regulation. While gambling had been viewed with disapproval earlier in the twentieth century, the committee's report signaled a shift in thinking. The report noted the industry's downsides but concluded that outlawing gambling would be unenforceable. Commission Chairman Charles Morin wrote, "How can any law which prohibits what 80 percent of the people approve of be enforced?"³

machines in bars and keno, a high-stakes game similar to bingo.

WHERE GAMBLING IS KING

Today, gambling and even casinos are prevalent throughout the United States. Probably the first place people associate with gambling is Las Vegas, Nevada. The history of gambling in Nevada is similar to the rest of the United States. At various times, the practice has been frowned upon, banned, or embraced with open arms.

Gambling was legal in Nevada from 1869 to 1909, with restrictions placed on it at different times. After 1909, gambling became illegal in Nevada for two decades, but people continued to gamble underground. In 1931, the Nevada legislature legalized most forms of gambling again as it prepared for a wave of tourists with the completion of the Hoover Dam.

Gambling in Nevada was helped, in part, with the shutting down of gambling ships that formerly operated out of ports in California. Gaming on such ships was largely run by organized crime operations.

However, Nevada was not closely associated with gambling until after World War II. In the 1940s, organized crime figures and other entrepreneurs bought up cheap land and started building casinos and hotels on what is now called the Las Vegas Strip. These included the famous Flamingo, which was run for a short time by mobster Bugsy Siegel.

Atlantic City

While Las Vegas may be synonymous with casino gambling in the West, the East has a gambling center of its own—Atlantic City, New Jersey. In 1976, New Jersey voters approved gambling in Atlantic City, two years after a referendum on legalized gambling was rejected. Decades earlier, Atlantic City had been a prime resort location, but its tourist industry had been declining. Supporters of the referendum hoped to revitalize the local economy and to bring travelers back to the city. The measure soon led to the opening of several casinos. The city's first casino, Resorts International, opened in 1978.

While Las Vegas has generally been the most popular spot in modern times for Americans to gamble, Atlantic City enjoyed a short period of supremacy in the late 1970s and 1980s as tourism in Las Vegas suffered because of a crime wave. Atlantic City enjoyed another success in 2003 with the opening of the Borgata, a major new casino. Atlantic City experienced controversy when a partial smoking ban took effect on April 15, 2007. Some casino operators claimed this limited business and put the city's casinos at a competitive disadvantage with other regional casinos and Las Vegas.

For decades, the federal government sought to undo the tie between Las Vegas and organized crime figures. In 1959, Nevada established the State Gaming Commission. It creates and enforces regulations related to gambling and is responsible for screening and licensing casino owners. The Racketeer Influenced and Corrupt Organizations Act (RICO), enacted in 1970, was used to bring down mobsters. While casinos are still prominent in the city, corporations operate them with little or no involvement from organized crime. ~



New York City mobster Bugsy Siegel, who ran the Flamingo Casino for a short time



Gambling at the Empress Casino in Joliet, Illinois

ROLE IN THE ECONOMY

Whether gambling is good or bad for individuals, it is often an integral component of the economy. From cities such as Las Vegas, Nevada, and Atlantic City, New Jersey, to racetracks and tribal casinos, gambling matters.

It not only employs people whose livelihood is directly connected to casinos and to other gambling outlets, it also drives tourism and serves as an economic engine. Moreover, gambling generates large amounts of tax revenue for states and the federal government.

Those who favor gambling believe it can stimulate a local economy. Commercial casinos employ more than 300,000 people. In addition, thousands more are employed by related businesses, such as hotels and restaurants. The National Impact Study Commission Report, released in 1999, noted the impact on communities: "Unlike many industries, casino gambling creates full-time, entry-level jobs, which are badly needed in communities suffering from unemployment and underemployment."¹

Many tourists are drawn to cities with casinos. They not only

"A Critical Industry"

Jim Gibbons spoke with the Las Vegas Business Press in 2005 when he was co-chairman of the Nevada State Legislature's Congressional Gaming Caucus. Gibbons, who later was elected governor, emphasized the importance of gambling to the economy: "Gaming is not only the leading industry in Nevada, but it is a critical industry for numerous states across the nation. . . . The hotel-casino industry is the driving force behind the explosive growth in Nevada. Although only 12.7 percent of the new jobs were directly attributable to the hotel-casino industry, the economic impact of the tourism dollars generated by the industry is much larger. . . . For every job that gaming creates, there are two or three additional support jobs in the community. Employees of casinos need houses, grocery stores and many other services that also create jobs to support our growing population."²

spend money at the casino and its restaurants and hotels, but they also pour money into the local economy at off-site hotels, restaurants, gasoline stations, gift shops, and other businesses. These tourists also spend money on entertainment, such

Training for Casino Careers

As gambling has become more of a mainstream activity, some colleges now offer specialized training programs, just as they do for other industries. Students can train to become casino managers and other skilled employees. Tulane University campus in Mississippi is one of many schools offering programs to help people succeed as professionals at casinos. Dr. Karen Lucas is dean of Tulane's School of Continuing Studies on the Mississippi Coast campus. She described the program to the *Mississippi Business Journal*: "Our program is generally growing, and we're continually looking for ways to expand it and serve the community. Our students are prepared to take over in mid-management roles in casinos."³

Students who decide to pursue degrees in the field of casino or resort management typically take a wide array of courses. These usually include human resources, finance, accounting, quantitative statistics used in casinos, detection of gambling addiction, and food and beverage management. Lucas said the program prepares students not only to work at casinos but also in related industries.

as theater shows or comedy acts. The popularity of casino destinations also benefits airlines.

But some economists counter that no extra money is being spent at gambling businesses. Rather, money that is wagered would otherwise have gone to other forms of entertainment. They think that casinos actually drive local businesses into

bankruptcy in this way. According to Nobel Laureate and economist Paul A. Samuelson,

[Gambling] involves simply sterile transfers of money or goods between individuals, creating no new money or goods. Although it creates no output, gambling does nevertheless absorb time and resources. When pursued beyond the limits of recreation, where the main purpose after all is to kill time, gambling subtracts from the national income.⁴

Both critics and proponents often use Atlantic City as an example.

After gambling was legalized there in 1976, it took several decades for the city to see positive economic effects.

At first, mostly day-trippers were drawn to Atlantic City. They visited the casinos but left without staying at hotels, eating at local restaurants, or supporting other businesses. Poverty and crime continued to plague much of the city.

Now, the city draws tourists from around the country, and the casinos and resorts have created

Two Views on Atlantic City

How has gambling affected Atlantic City? The answer depends on whom you ask. Mayor James Whelan told the National Gambling Impact Study Commission that “Atlantic City would be dead without casino gambling.”⁵ When members of the commission visited the Atlantic City Rescue Mission, its director, Barry Durman, who says he personally opposes gambling, agreed with the mayor on this point. But he also noted that at least 22 percent of the homeless served by the mission say gambling is the cause of their homelessness.

thousands of jobs. Still, many of those employees are not local and do not spend their salaries at local businesses. More recently, several redevelopment projects have helped clean up the city. But in the view of opponents, legalized gambling has done little to invigorate Atlantic City's economy outside the casinos' walls.

LAW ENFORCEMENT COSTS

Proponents of legal gambling argue that even if the industry does not actually produce anything, it still saves local and national governments money that would be spent on law enforcement. If gambling were outlawed, police departments would need to invest large sums of money in cracking down on it. Economist Reuven Brenner is one who thinks criminalizing gambling would increase law enforcement costs:

Even if one does not label gamblers criminals, which would automatically increase the crime rate, the acts of the illegal organizations that take over the gambling sector and enforce illegal gambling contracts increase the crime rate.⁶

In other words, illegal organizations might use violence to collect on gambling losses or to prevent



Foxwoods Resort Casino in Connecticut

people from receiving their winnings. As long as gambling is legal, these businesses can be regulated to prevent such crimes.

However, opponents of gambling point out that related crimes, such as prostitution and theft, tend to increase around casinos. If cities permit gambling, they may spend more money prosecuting these crimes. Additionally, problem gamblers often fall into great debt and end up turning to illegal activity to finance their habits. These can include crimes such as theft, loan fraud, embezzlement, prostitution, and selling drugs. The costs to society include the expenses of arresting, prosecuting, and imprisoning gamblers who commit these crimes.



Slot machines at the American Indian-owned Chewelah Casino in Washington State

TRIBAL GAMING

American Indian tribes have been among the economic winners from gambling. They have oversight over their own casinos. Because they are sovereign states, tribes do not have to pay taxes on the proceeds as long as they use the money to benefit their tribes. American Indian tribes in almost 30 states have achieved tremendous success in launching casinos. For instance, the 700 members of the Mashantucket Pequot Tribal Nation in Connecticut

were once living mostly in poverty. Now, they own and operate Foxwoods Resort Casino, one of the largest and most profitable casinos in the world.

Foxwoods includes more than 7,000 slot machines and 400 gaming tables throughout four casinos. It also includes 30 restaurants and attracts a wide array of performers. A large portion of eastern Connecticut depends on the casino for employment. Local businesses also rely on the business that the casinos attract through tourism and recreational gaming.

GAMBLING IN OTHER AREAS

Other areas that have allowed large-scale gambling have had varied experiences. For instance, legislators in Mississippi legalized gambling in hopes of combating poverty. Since then, the number of people on welfare in one of the state's poorest counties, Tunica, decreased by 33 percent. The unemployment rate

The Mohegan Tribe

The Mashantucket Pequot tribal nation is not the only American Indian tribe that has benefited from the popularity of gambling. Elsewhere in Connecticut, the Mohegan tribe operates three casinos in southeastern Connecticut as well as a horse racetrack in Pennsylvania. This tribe includes approximately 1,700 members. According to the tribe's Web site, the casinos serve as a source of revenue for the tribal government, similar to the way in which lotteries provide income for states. This funding source has decreased the tribe's need for federal assistance. Both the Mohegan and the Mashantucket Pequot tribes also give 25 percent of their slot revenues to the state of Connecticut.

Crossing State Lines

The economic effects of gambling can create tension between states and regions. For instance, a state that builds a new casino or launches a new lottery could be generating revenue that would normally go to another area. The gambling enterprise would become a competitor with existing businesses. A state launching a casino will benefit only if its residents spend more money gambling than they would on another endeavor, or if area residents who used to travel to gamble now stay closer to home.

has dropped to 4.9 percent, its lowest level in two decades. However, crime has increased, and some local residents complain that many jobs have gone to people living outside the immediate area.

South Dakota has also fared well with gambling, enjoying more tax revenue and restoring downtown areas in a number of cities.

Conversely, Colorado residents have complained that casino gambling has led to an increase in traffic, crime, and pollution. Several casinos have closed as a result of poor performance and community complaints.

Casinos are certainly not the only game in town. California relies heavily on the horse racing industry, which generates more than \$3 billion each year and employs almost 25,000 state residents. ~

Legalized Gambling



*Gambling at the Casino Arizona on the Salt River-Pima
Maricopa Indian Community*



A New Jersey lottery ticket

STATE-SANCTIONED GAMBLING

Perhaps the main reason cited by those who support gambling is that it generates much-needed revenue for state, local, and the federal governments. Proponents point out that state revenue from gambling can lessen or replace

income, property, and sales taxes without affecting state and local programs. Because many citizens enjoy gambling, they argue that this is an effective way to raise money. They also argue that because people would find ways to gamble—regardless of whether it is legal or illegal, whether it is state-sanctioned or privately run—the public may as well benefit.

Not everyone agrees. Some argue that state lotteries are an ineffective solution to state budget problems. In *Money* magazine, Peter Keating argued that lotteries are an inefficient way to raise money due to high administration costs. He further stated that they do not work to lower taxes or to improve public programs. Instead, states use lottery funds to compensate for existing shortfalls rather than to lower taxes or to supplement programs. In fact, states with lotteries spend less on education than states without lotteries, according to Keating.

Most states become involved in gambling by operating lotteries. State lotteries are largely viewed as a mainstream and relatively harmless form of gambling. Approximately half of Americans of legal age play the lottery each year. Because lottery tickets typically cost one dollar, the lottery is an inexpensive

form of betting, and some say that people are unlikely to develop gambling problems from playing the lottery alone.

COMMERCIAL CASINOS

As of 2008, 12 states also brought in revenues from commercially operated casinos. Many casinos must pay taxes that are more than 20 percent of their

Tax Revenue from Casinos

Casinos create tax revenue:

- From those who must pay tax on big winnings.
- From people who work at casinos, who generally have to pay income taxes.
- From people who pay sales taxes at restaurants, bars, and hotels, where they spend money while visiting casinos.

According to the American Gaming Association, 12 states had commercial casinos in operation in 2008: Colorado, Illinois, Indiana, Iowa, Louisiana, Michigan, Mississippi, Missouri, Nevada, New Jersey, Pennsylvania, and South Dakota. These casinos generated approximately \$5.7 billion in tax revenue for state and local governments. Tax revenue in these states was used to improve education and public safety programs, to repair and build roads, as well as to pay for other state and local programs.

total revenue, far more than paid by other businesses. Large casinos take in such large sums of money that they create a huge revenue stream for governments.

Las Vegas is often held up as an example of great success. The casino industry provides close to half of the state's tax revenue. However, this is

not a level that most states can hope to achieve. According to a Harrah's Casino publication,

Despite casino gambling's promise as a source of economic development and tax revenue, gaming should not be viewed as a panacea for the fiscal woes of a state or local jurisdiction. Casino gaming is more appropriately viewed as an amenity that in smaller metropolitan areas can be a cornerstone in the local tourism/entertainment market, and in larger metropolitan areas as simply another component of a regional tourism/entertainment package.¹

Some states also generate revenue from other forms of gambling, such as video poker machines and off-track betting. As of 2010, all states except Utah and Hawaii had some form of legalized gambling. Advocates of gambling see an even brighter day in the future. If Internet gambling were regulated instead

Gross Gambling Revenue

Gross gambling revenue is the total amount players wager minus the casinos' payment to winners. It is the amount casinos take in before paying operational expenses, such as employee salaries and taxes. In 2008, commercial casinos in the United States reported total gross gambling revenue of approximately \$32.6 billion. This was an increase of approximately \$10 billion over the gross gambling revenue from ten years before.



A glittering sign welcomes travelers to Las Vegas, Nevada.

of being banned in the United States, advocates believe the federal government could gain billions of dollars.

OPPOSITION TO STATE-SANCTIONED GAMBLING

While gambling revenue funds many valuable programs, opponents argue that governments should not be involved in promoting an activity that some view as immoral or destructive. Author and

columnist R. Emmett Tyrrell Jr. wrote an essay in 1996 about why the government should not be involved in promoting gambling:

For many, gambling is an addiction like drugs or alcohol. It has ruined families, imperiled and destroyed children, bankrupted thousands, and opened vast opportunities for [organized crime families]. Gambling is a breeding swamp for crime. Sure, some can enjoy it in moderation, just as many enjoy booze in moderation. That is why we allow Las Vegas and the neighborhood pub. But the state ought not to champion gambling any more than it champions alcohol.²

Others argue that state gambling revenue comes disproportionately from the poorest residents of a state. They say that those who can least afford it are the most likely to spend money on gambling, in the hopes that they might win big and ease their financial troubles. Economist Reuven

An American Enterprise

In the United States and elsewhere, state-run lotteries are one of the most profitable government-run enterprises. According to George F. Will, a syndicated columnist, "Gambling is as American as the state lotteries that helped fund the Revolution and many public works projects in the young Republic."³

Brenner said, "People continue to gamble, even if it is illegal, and the poor do so in particular."⁴ More conventional methods of raising revenue, such as

sales and income taxes, more evenly spread out the burden of providing state services among all of a state's residents.

Video Lottery Terminals

A video lottery terminal (VLT) is an electronic game similar to a slot machine, offering games similar to scratch-off lottery tickets. Often they are connected to a central computer that uses a random number generator, and the number and amount of payouts can be predetermined by the operator. Some states have legalized or have considered allowing VLTs to provide an additional source of revenue. Generally states receive approximately half of the net income from VLTs. The machines may be located at racetracks, in bars, or other designated venues. However, opponents argue that VLTs can be dangerous because the fast rate of play and convenient access make them highly addictive.

Gambling's proponents disagree with this assessment and point to surveys by the Gallup Poll. In 2004, Gallup found that people with moderate incomes—\$50,000 to \$75,000—were the most likely to play the lottery. In this income bracket, 73 percent of respondents said they had gambled in the past year. Those with incomes of less than \$30,000 were the least likely to buy lottery tickets, with 58 percent reporting that they had gambled in that time period. Regardless of income level, proponents say that people will gamble whether the state is involved or not, so the state may as well benefit financially.

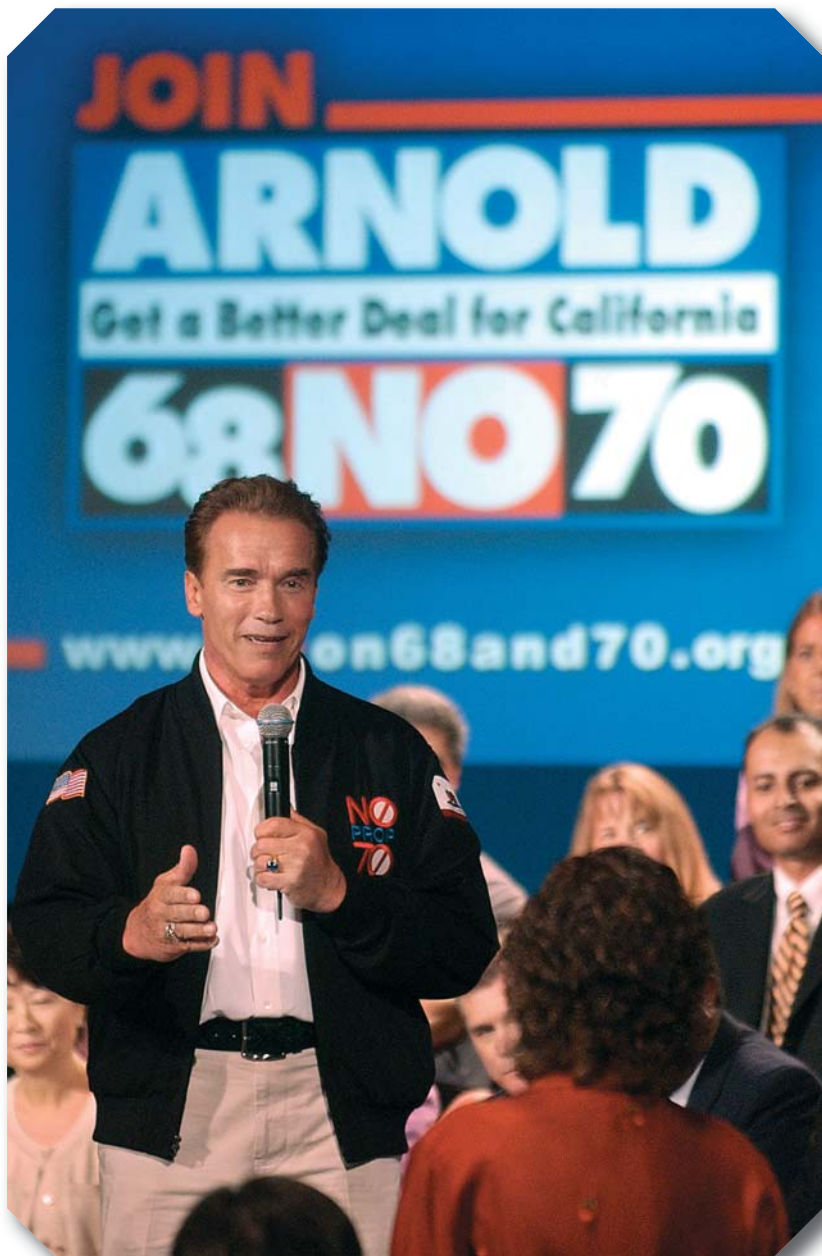


Anita Bedell, executive director of the Illinois Church Action on Alcohol and Addiction Problems, speaks against Illinois gambling legislation.

Journalist William Safire has been highly critical of state involvement in gambling. In his view, gambling should be conducted by private businesses, not promoted by governments:

Ever since the immoralists of New Hampshire introduced a state lottery in 1964, followed quickly by New York in 1966, . . . politicians have been ripping off their constituents with this “painless taxation.” . . . Where does any state come off urging its citizens to spend their hard-earned income or

welfare checks unwisely? Who is your governor to tell you to ignore your economic self-interest? . . . Government is not a game, nor should it be a casino empowered to declare itself a monopoly so it can make a profit by stimulating public [greed].⁵ ~



California Governor Arnold Schwarzenegger speaks in 2004 in opposition to two gambling initiatives.



A roulette wheel

ENTERTAINMENT AND PERSONAL CHOICE

Regardless of the objections by some, gambling has become a more mainstream activity than ever. More than 80 percent of Americans recently reported having gambled at some point. In 2006, gross revenues for all

forms of gambling within the United States totaled approximately \$91 billion. That is more than U.S residents spent on theme parks, movie tickets, athletic events, and video games combined. James McManus is a writer and professional poker player. In his memoir *Positively Fifth Street*, he wrote, “Between 60 million and 80 million Americans play poker, making baseball the second great American game.”¹

Most people who participate in gambling—whether by buying a lottery ticket, visiting a casino, or entering an office pool on the outcome of a sporting event—do so merely for fun. Recreational gambling is when people gamble not for financial gain but for the entertainment value of playing a game. These people may be well aware of the low chances of winning, but they enjoy the thrill of anticipation. Or they have more fun when money is riding on a game or event. Others enjoy the element of skill involved in some games, such as poker, or they participate in gambling as a social activity.

Modern Riverboat Casinos

Riverboat casinos were common in the United States before the onset of the Civil War and have recently experienced a revival. In 1991, modern riverboat casinos began operating in Iowa. By 1998, more than 40 were operating in Iowa, Indiana, Missouri, and Illinois. By 2008, 19 riverboat casinos were operating in six states, generating \$11.7 billion in revenue.



A riverboat casino on the Mississippi River in Missouri

Journalist Nick Gillespie argues that most gamblers are not criminals or addicts. Rather, they are responsible citizens who happen to enjoy gambling. According to Gillespie, people who want to make gambling illegal have exaggerated its ill effects and focus on the tragic, but rare, instances in which gambling ruins lives.

Nobel Prize-winning economist Gary S. Becker is one who agrees. Despite his background in economics, Becker's argument does not have to do with money:

Some opponents paint a picture of gambling addicts frittering away their life savings in pursuit of the big killing of their fantasies. Analysis of betting patterns of lottery and casino patrons, however, shows that addictive gambling is not common—surely much less so than addiction to tobacco and alcohol. Few people buy so many lottery tickets that they jeopardize their funds for food and necessities. Most casino visitors are middle-aged folks having a good time with friends. Why deny them the pleasures—thrills, even—they get from modest betting on lotteries and other gaming devices?²

GAMBLING AND MORALITY

While the majority of U.S. citizens have no problem with legal forms of gambling, some view it as immoral. The Christian faith, for example, holds the belief that sloth and greed are sins. Therefore, some

Gambling Commission

President Bill Clinton agreed to the establishment of the National Gambling Impact Study Commission in 1996 amid pressure from anti-gambling forces. The group consisted of nine people from diverse backgrounds. Six of the members were openly opposed to legalized gambling, largely on moral grounds. The group sought to “conduct a comprehensive legal and factual study of the social and economic implications in the United States.”³ The report was 1,300 pages long and contained 76 recommendations. But ultimately, the commission concluded that gambling issues are best dealt with on the state and local level rather than being addressed by the federal government.

Christians view gambling as wrong, particularly for those who gamble in large amounts. Following a conference in 1998, the Catholic bishops of Alberta, Canada, released a viewpoint on why gambling is morally questionable. Traditionally, Christians have

Is Prohibition Impractical?

Some people who have researched gambling have concluded that banning it would be impractical. People will find ways to gamble no matter what the laws are. Legal gambling not only generates revenue for governments, but it gives governments the ability to oversee and regulate gambling establishments. Peter Collins elaborates:

Gambling in the past and in most societies has usually been seen as an activity that is socially undesirable and that governments should prohibit or at least discourage. However, because gambling has always been a popular activity, prohibition has usually meant that the gambling establishment has gone underground, and that the provision of gambling services has fallen into the hands of professional criminals. Notoriously, this is how Las Vegas came to be the gambling capital of the United States. Legalization has then followed typically because . . . it has proved extremely difficult . . . to enforce prohibition against an activity that many people regard as a harmless and legitimate form of recreation.⁴

viewed gambling unfavorably, the report explains, because of its damaging effects on families, marriages, and communities. Gambling is not harmless entertainment when it deprives families of money needed for necessities, as well as time and attention for family responsibilities. The Catholic bishops argue that money spent on

gambling could be better spent on home life or for charitable causes.

On the other hand, many religious people have no problem with gambling. Some churches have even engaged in gambling in the form of raffles or other games to raise money for good works.

INDIVIDUAL RIGHTS

Just because something is seen as immoral by some does not necessarily mean it should be banned. Some advocates believe that the antigambling movement threatens the civil liberties of those who choose to gamble. They argue that deciding whether to gamble should be up to individuals. Peter Collins is the director of the Center for the Study of Gambling and Commercial Gaming at the University of Salford in the United Kingdom. He argues that the government should only interfere with individual rights when not doing so would harm others. He states:

It is morally wrong for the state to interfere with the essentially private choices of individuals about how they will spend their time and money, providing they are not doing any harm to anyone else. In particular, it seems wrong for the state to



Senior citizens playing slot machines at the Mohegan Sun Casino

interfere with choices that do not harm others solely on the grounds that some people—even many people—deem the activities in question to be immoral.⁵

Opponents of gambling counter that gambling has enough ill effects to justify sacrificing individual rights for the good of society. Others feel it is right for the government to play a role in preventing individuals from taking risks that might ruin their lives. The government already does this in other

cases, such as requiring people to wear seat belts and outlawing drugs such as marijuana. But Collins rejects this argument, pointing out that the vast majority of people who gamble do no harm to themselves or to others.

GAMBLING AMONG SENIOR CITIZENS

Many senior citizens enjoy gambling and view it as a harmless way to socialize. But in 2005, the *American Journal of Geriatric Psychiatry* reported that 11 percent of seniors could be classified as at-risk gamblers. Some say this is of particular concern because some seniors have fixed incomes or suffer from mental impairments. On the other hand, according to a study conducted at Yale University, gambling can actually help elderly people keep their minds sharp and provide them with an enjoyable experience. In that sense, it can be seen to improve health. The reasons for this association have not been found, but researchers speculated that the effect could be due to the social interaction and mental stimulation provided by gambling.

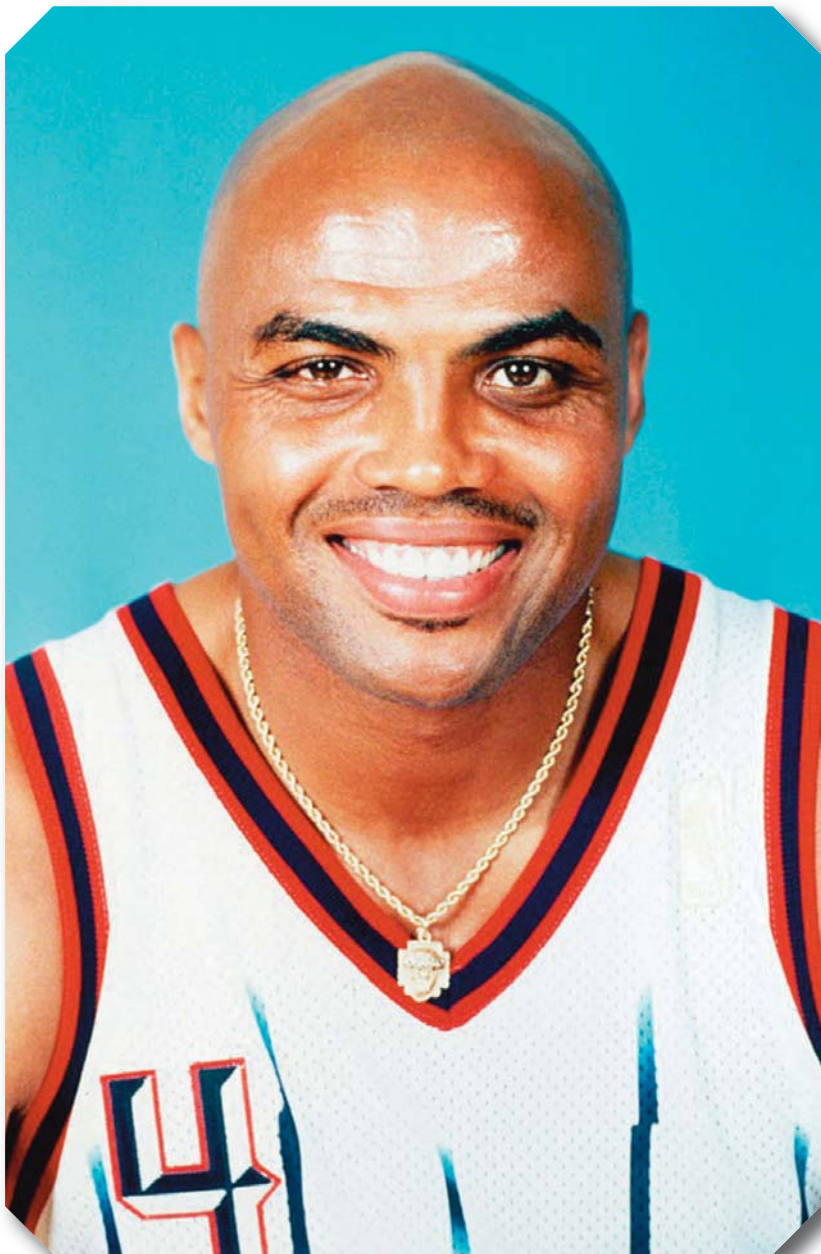
Regardless of the benefits to senior citizens, proponents of gambling want to preserve their right to play games for money. Rona Zable is

Charles Barkley

Charles Barkley became a sports broadcaster after retiring from professional basketball. Barkley is well known for his gambling habit. In an interview, he admitted to once losing \$2.5 million in a six-hour period while playing blackjack. While he has said he recognizes he has a gambling problem, he can afford to lose the money. He admits that he never wins as much as he loses but insists he enjoys playing.

editor of *SeniorScope*, a publication headquartered in New Bedford, Massachusetts, that covers issues relating to the elderly. She criticized people who believe the government should act as “pleasure police” to protect senior citizens from the gambling industry:

Are older people perceived to be so witless, so gullible, that we need to be protected from ourselves lest we buy too many lottery tickets or play Bingo too often? Do we need Big Brother to watch over us at the blackjack tables and slot machines? . . . I defend the right of anyone over age 21 to spend their money where they please—be it a casino bingo hall, sports arena, vacation resort, etc.⁶



Charles Barkley



Christopher Kelly, a former political fund-raiser, was sentenced to 37 months in prison for using company funds to pay gambling debts.

ADDICTION

*F*or those who oppose legal gambling, a major factor is the risk for addiction. Gambling addiction not only affects individuals, but also families and communities. Problem gambling behavior can lead to work issues, bankruptcy,

divorce, and even suicide. Problem gamblers are more likely to develop related addictions, such as alcohol, and to commit crimes to finance their habits.

According to the National Council on Problem Gambling, approximately 2 million people, or 1 percent of U.S. adults, are pathological gamblers. Pathological gamblers are people who continue to gamble even though they experience negative consequences and want to stop. Another 4 to 6 million people are problem gamblers. Problem gamblers are those who experience disruptions in their social lives, work, or physical or psychological well-being. People who live closer to casinos and other gaming facilities are even more likely to develop a problem.

Jim Milligan is director of a program for problem gambling operated by Toronto's Donwood Institute. According to Milligan, a contributing factor is that gamblers become hooked on the excitement of never knowing when a big win will occur. He wrote,

Every time is a close call. They hear the coins fall in their neighbor's bucket, or they read that someone has won the lottery. The big win is possible, so they try again. . . . The sign of intelligence is being able to learn from your actions, but this

doesn't work with gambling. You cannot predict the future because each present act is random. Each time you gamble is a new event. You lose all sense of rationality. They tell me, "I was up \$800, and I should have walked away, but I put all my money back in."

Pathological Gambling

The American Psychiatric Association defines pathological gambling as an impulse control disorder. It is chronic and becomes progressively worse.

The association states a pathological gambling problem exists if someone exhibits five or more of the following symptoms:

- A preoccupation with gambling
- A need to gamble with larger amounts of money to get excited
- An inability to reduce the frequency of gambling
- Withdrawal symptoms if gambling is stopped
- Chasing after losses, meaning gambling more to try to win back money that already has been lost
- Using gambling to relieve stress or to escape problems
- Lying about gambling to family members
- Committing crimes to continue gambling
- Jeopardizing family, job, and/or career
- Relying on others' financial assistance to pay gambling debts

Like many addictions, most pathological gamblers refuse to admit that they have a problem. Often, they only seek help after being urged to do so by loved ones.

However, some who support legal gambling believe that the risk of addiction has been overemphasized. Approximately 95 percent of people who gamble can control their behavior.

Proponents argue that policy should not be based on the few people who have problems but on the majority who gamble responsibly.

WHY DO PEOPLE BECOME ADDICTED?

Gamblers get hooked not because they want to continue gambling, but because their brains respond in certain ways when they gamble. For them, gambling stimulates the brain's reward and pleasure centers. The activity triggers the release of dopamine, a chemical that excites people and makes them feel good. People become addicted to this feeling. They want to feel good all the time, so they begin to gamble more and more.

At some point, the high begins to feel normal. Without it, the person begins to experience withdrawal. They may experience physical symptoms such as sweating, as well as emotional symptoms such as extreme feelings of remorse. Many times, someone will return to gambling to escape these symptoms. This perpetuates and increases the need to gamble. The addiction to gambling is similar to other addictions, such as drugs and alcohol.

One of the reasons gambling is a dangerous addiction is because

Casinos at Fault

Bernard P. Horn, communications director of the National Coalition Against Legalized Gambling, testified before the National Gambling Impact Study Commission in 1997. Horn argued that the gambling industry knowingly exploits and encourages gambling addiction for profit. He contended that casino marketing efforts target compulsive gamblers. Casinos further encourage addictive behavior by providing fast-paced games, small enticing payouts, and easy ATM access, according to Horn.



Jayne Yeomans, former mayor of Carlisle, United Kingdom, stole almost 40,000 pounds (approximately \$66,000) to pay her debts.

diagnosing the problem can be very difficult.

The addiction usually does not result in physical symptoms that are easy to detect, so a person's family and coworkers might assume everything is fine. They might think that while a person likes to gamble, that

person has the situation under control. Sometimes, a compulsive gambler is a top performer at work or a well-respected member of the community. Eventually, however, gambling can lead to the addict's life spiraling out of control. Addicts may start neglecting their families, their work, and other important parts of their lives. They find ways to hide their increased gambling.

Gambling often goes along with other addictions that can compound the problem. Some researchers have found that approximately one-half of gambling addicts also are addicted to drugs or alcohol. Perhaps contributing to this link is the fact that many casinos offer free alcohol to anyone who is gambling there.

Milligan notes that when someone tries to stop gambling, he or she can suffer from similar withdrawal symptoms to those experienced by substance abusers. Symptoms can include anxiety, headaches, and tremors. Problem gamblers often suffer from physical ailments.

Opposing View

Not everyone believes it is possible to develop a physical addiction to gambling. Michael Walker, a professor of psychology, argues that problem gamblers do not develop a physical addiction, but an obsession with winning. They think that if they continue to gamble, their dedication will someday pay off. "Gambling is better understood as a leisure activity which is potentially dangerous. The danger is that persistence will cause heavy financial losses," Walker writes.²

They may have back problems from sitting for too long and stomach problems because of the tendency to put off going to the bathroom when gambling. According to Milligan, they can also experience depression, relationship problems, weight loss, or panic attacks.

TYPES OF GAMBLERS

Virtually all problem gamblers fit into the categories of action gamblers and escape gamblers. Action gamblers are competitive and play in an effort to beat other players. Often, they try to develop a system that they think gives them a better chance of winning. Games they play might include poker, blackjack, craps, dice games, betting on horse races,

Treating Gambling Addiction

Churches and other groups, such as Gamblers Anonymous, offer help for gambling addiction. Even some dealers at casinos are trained to identify gambling addicts. The dealer may seek help or stop a game if he or she sees a potential issue.

and sports betting. Escape gamblers play to find relief from feelings of anxiety, depression, anger, boredom, or loneliness. They use gambling to escape from crises or difficulties. For them, gambling provides relief rather than thrills.

Without treatment, a compulsive gambler's problem will only worsen. The person usually goes through



An unidentified woman displays four Pennsylvania lottery scratch-off tickets.

the following phases of addiction: winning, losing, desperation, and hopelessness. The phases do not need to be experienced in any particular order. Sometimes, someone will not go through all the phases. For instance, a person could develop a gambling problem without ever winning.

People often suffer some type of manic episode or crash when they realize they have a gambling problem. For example, after losing too much money, a person might become incoherent or lash out indiscriminately at others. However, not every addict experiences this.

ADDICTION'S AFTERMATH

Gambling addiction affects individuals and those around them in various ways. A gambling addiction may affect a person's marriage, job, children, and health. In 2006, Melanie Morgan told her story of addiction to a correspondent for *The Early Show*. Once a successful journalist, Morgan lost her job because of her compulsion to gamble. While pregnant, she spent hours gambling in smoke-filled rooms. Then she left her son with babysitters while she went to casinos. She realized how serious her problem was only after her husband hunted her down at a casino, put their baby in the middle of the poker table, and told her she could either play cards or be a mother.

Sometimes, the results are more tragic. Phyllis Vineberg began speaking out about the dangers of gambling addiction after her son, Trevor, became addicted to electronic gambling machines. Trevor began playing video poker in an arcade when he was a teenager in Quebec, Canada. Such machines were available in pool halls, restaurants, bowling alleys, and other places that attracted young people. After losing approximately \$100,000, Trevor sought treatment. However, he relapsed, fell into greater debt, and committed suicide at the age of 25. ~



Cristy Westfall attends an antigambling protest in Missouri in 2004.



A group of high school seniors at a regular gathering to play poker

YOUNG PEOPLE AND GAMBLING

A adults are not the only ones affected by gambling. A number of factors have led to widespread gambling among teenagers and young people. These include easy access to online gambling, the promotion of gambling in movies

or on sports channels, and a growing emphasis on competitive behavior. A study in 2009 examined the gambling habits of more than 2,500 teenagers between the ages of 13 and 17. It found that 56 percent of those surveyed had gambled in the past year, and 2.4 percent already showed signs of developing a gambling problem.

Opponents point to the effects on children and adolescents as a reason why legal gambling should be curbed. They argue that children who see their parents or others around them gambling legally or who have opportunities to gamble themselves are more likely to become problem gamblers. Children of pathological gamblers are particularly affected. Studies have shown that children whose parents struggled with gambling addiction are more likely to become pathological gamblers themselves. Some people think that a propensity for gambling addiction may even be hereditary. However, it is unclear whether the link is due to genetics or to social environment. Children of problem gamblers also are more likely to have problems with drinking, smoking, drug use, overeating, and other addictive behaviors. They may also be more likely to experience child endangerment or abuse.

HOW IT STARTS

In the United States, the legal age to gamble generally is between 18 and 21, depending on local laws and the type of gambling. For example, it is legal in most states to buy a lottery ticket at age 18. But many states do not allow casino betting until age 21. Other parts of the world have different age limits,

Stories of Tragedy

Gambling addiction can strike anyone, young or old. But it can pose particular dangers for young people. Consider the following examples:

- Jason Berg, 19, lost a large amount of money gambling. In his suicide note, he simply wrote, "I'm out of control."¹
- A high school student from Massachusetts staged break-ins at his own house to steal televisions and silverware to finance his gambling habit.
- A 17-year-old New Yorker lost \$11,000 in Atlantic City after skipping school. When he returned home, he tried to kill himself by overdosing on pills.

but generally people have to be at least 18. However, that does not stop teenagers from illegally gambling at casinos, playing poker, and betting amongst themselves.

The Internet has created new opportunities for gambling. All it takes is access to credit cards and a computer. Some studies have found that 80 percent of children between the ages of 12 and 17 admit to having gambled in the past year. Others have questioned whether these numbers are accurate. They say that some children may lie or exaggerate their behavior when surveyed. Other surveys have put the percentage much lower.



A recent college graduate plays poker online.

College students also suffer from gambling problems. According to researchers at Harvard University, approximately 5–7 percent of college students suffer from gambling problems. The problem can intensify for them when they gain the right to legally gamble in casinos. “By the time they get to college, most kids have already gambled,” said Keith Whyte, executive director of the National Council on Problem Gambling. “However, most have probably not had the opportunity to go to a casino with high stakes and access to credit. It would be exposing them to a new type of gambling.”²

A Passing Fad?

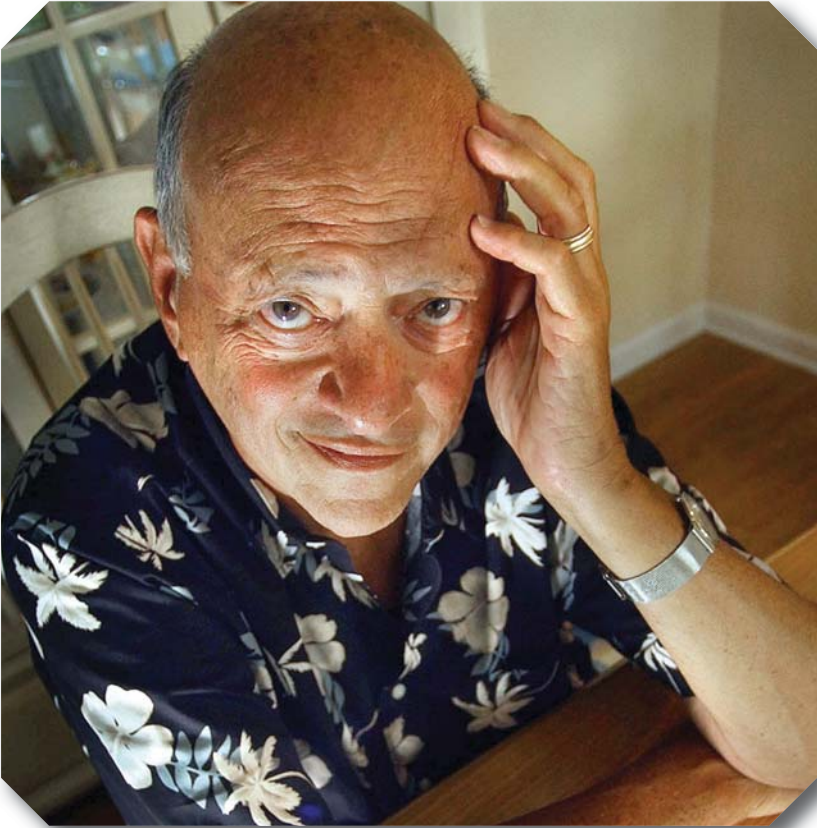
While many people are concerned about the easy access children have to gambling on the Internet, a study by the Annenberg Adolescent Risk Communication Institute found that the number of young people playing card games on the Internet has actually declined in recent years. Only about 3 percent of young males said they played cards on the Internet once per month in 2008. "The card playing fad that we saw earlier in the decade appears to have lost its steam among young people ages 14 to 22," said Dan Romer, director of the institute.⁵

Other forms of gambling, particularly sports betting, increased among young people. Approximately 20 percent reported betting on sports once per month in 2007, rising to approximately 26 percent in 2008.

For young people who live near casinos, the attraction to try to enter them illegally and score big can be strong. Marvin Steinberg heads the Connecticut Council on Problem Gambling. He said, "There is a steady flow of high school and college students that attempt to get into the casinos."³

Keith Nicholson, an 18-year-old resident of Linthicum, Maryland, explained how he began gambling:

I started gambling just to have something to do. Me and my friends started getting really into games as an activity to do together. Every few games I'll meet new people. I've been playing for eight or nine months. I play once or twice a week. I'm still an A/B student. I only play on weekends, so it's not really a problem. . . . Sometimes I get a little angry if I lose but I'm not addicted to it. . . . My whole family gambles and they really don't care either, so it's not a big deal.⁴



Arnie Wexler is a compulsive gambling counselor who says many of his calls come from parents of teen gamblers and teens themselves.

PROBLEMS WITH YOUTH GAMBLING

Critics state that youth gambling is problematic for several reasons. First, they say that young people become addicted to gambling more easily. If they start gambling at a young age, they are more likely to develop into pathological gamblers later on.

Even if they do not become addicted, adolescents often exercise poor judgment when gambling and may lose large amounts of money. While many college students spend small sums of money on gambling, some incur large debts. They may max out their credit cards, borrow money from friends, or commit crimes such as theft, drug dealing, or prostitution to raise money.

In 2004, the *Archives of General Psychiatry* published a study about the effects of gambling on young people. The study found that adolescent gamblers are more likely than adults to develop problems related to gambling. They are more likely than their peers who do not gamble to develop problems with substance abuse and depression.

For some people, the problem can be quite severe. A 2007 Associated Press article described Eric, a 22-year-old who preferred not to give his last name. Eric said he lost approximately \$50,000 gambling at a casino near his college. To support his gambling habit, he became a cocaine dealer. "Toward the end, I went [to the casino] every day and night," he said, admitting that he also was abusing alcohol and drugs. He added,

I definitely think I was predisposed to addiction, and gambling really worked for me. It was easy access, and it was close. No matter how much I told myself I was going to stop, I couldn't.⁶

SPORTS BETTING

Betting on sports is particularly popular among college students. A study published in *College Student Journal* in 2005 found that college students under the age of 21 were more than twice as likely to prefer sports betting over other forms of gambling than those over 21.

Sports betting is only legal in a few states, which is one of the reasons it is so strongly linked to illegal activities. The attraction for young people to bet on sports can be quite strong. Sometimes, high school or college students not only place illegal bets, but they also begin to operate illegal bookmaking operations on

Internet Gambling

According to Alabama Congressman Spencer Bachus, the government should completely ban Internet gambling because of the risks posed to children. Bachus has worked over the years to make it more difficult to gamble on the Internet. He played a role in the 2006 passage of the Unlawful Internet Gambling Enforcement Act, which made it more difficult for online gambling businesses to receive payment from players.

"What would you do if you learned someone was building a casino next door to your house and had invited your children in to gamble? Well, the news is worse than that. There's a child-accessible casino that's sitting on the computer desk in your den or your child's bedroom. . . . At the click of a mouse, virtual casinos appear on computer screens in dorm rooms and homes. All that's required to play is a credit card number and time. Our young people increasingly have both," Bachus wrote.⁷

their own. This can lead to dangerous activities and serious trouble with the authorities. Some people think that sports betting threatens the integrity of college athletic events and can serve as a gateway for young people to start participating in other forms of gambling.

Prevention Programs in Schools

Many schools recognize that youth gambling not only can lead to future gambling problems, but it also sometimes is a factor in teenage depression or suicide. Some schools fight gambling addiction by creating prevention programs that focus on its dangers. Other schools offer classes in hopes of preventing problems among students. These programs and classes often include information about gambling problems among youths, as well as data and stories that show gambling is not always harmless.

Some schools also offer demonstrations related to statistical probability and how it comes into play in gambling. This way, students understand how the odds work in favor of casinos and gambling businesses, and how over time habitual gamblers are likely to suffer greater and greater losses instead of receiving the big payoff for which they are hoping.

Other education efforts include tips on how to recognize gambling problems in others and strategies for how to cope if an individual or a loved one has a gambling problem.

One particular concern at colleges is participation in sports betting by athletes. Because college athletes cannot be paid for playing, some people think they might turn to gambling as a way to make money. But officials do not want athletes to play a certain way because they might win or lose money based on the outcome.

Authorities are also concerned for the well-being of the student, who may suffer financially, be punished for nonpayment by a bookmaker, or lose eligibility to play a college sport.

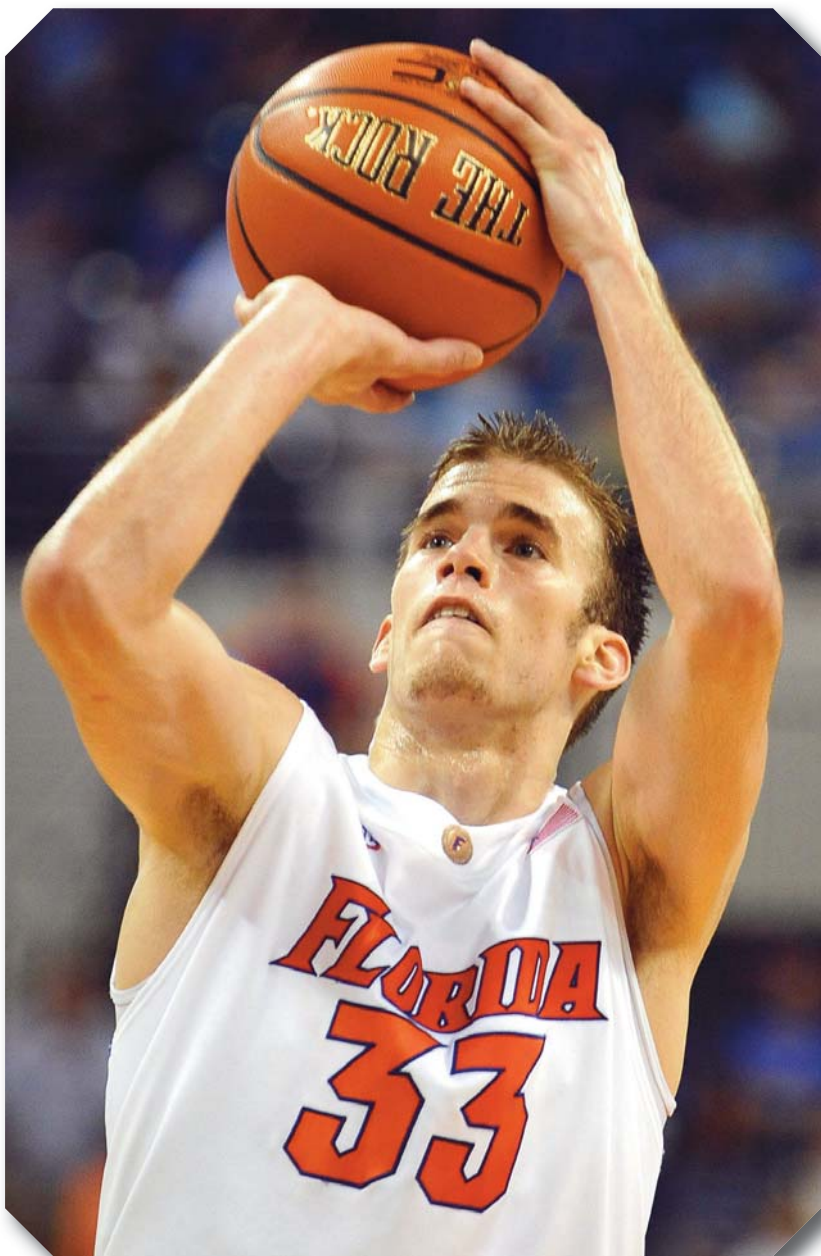
THE NCAA'S STAND

The National Collegiate Athletic Association (NCAA), for example, has a strict policy against student athletes participating in sports betting. The NCAA Web site contains an official statement in opposition to college sports betting. It notes that the overall popularity of sports betting and the ease of placing bets on the Internet have led to an increase in the number of gambling incidents involving student athletes.

In 2003, the NCAA conducted the National Study on Collegiate Sports Wagering and Associated Health Risks. The NCAA surveyed more than 20,000 student athletes. Of the male college athletes surveyed, approximately one-fifth reported that they had placed bets on collegiate sports. Some survey respondents reported accepting payment for poor play in a sport or knowing someone who had. Some also said they had been threatened or harmed as a result of sports betting or had been asked

to provide inside information on a sports team. Of approximately 2,000 college football players surveyed, 102 reported one or more of these more serious gambling behaviors.

Student athletes who are caught placing bets on college or professional sports lose eligibility for one year, according to the NCAA's policy. The NCAA also provides education to student athletes about the dangers of sports betting. In 2009, the NCAA took an even stronger stance against gambling. It approved a new policy that prevents states that allow betting on single games to host an NCAA championship game. ~



NCAA basketball player Nick Calathes went \$600 into debt playing online poker in 2008.



New York Governor George Pataki, with the president of Seneca Nation of Indians, after reaching an agreement on tribal gaming

TRIBAL GAMING

In 1987, the U.S. Supreme Court made a decision that changed the landscape of gambling. Several tribes in California had set up bingo and poker games. While bingo and poker were legal in that state, the tribes did not run the games in

accordance with local or state laws. The disagreement over who should regulate these tribal gambling businesses led to the court case *California v. Cabazon Band of Mission Indians*. The Supreme Court decided in a 6–3 vote that American Indian tribes could run gambling operations according to their own rules as long as they were located in states that allowed gambling.

Moreover, the Court ruled that since American Indian tribes are considered sovereign nations, the regulation of such gambling by state governments should be limited. In addition to recognizing the sovereignty of tribes, the Supreme Court’s decision argued that gambling was key to the self-sufficiency of tribes. It recognized that these gambling businesses funded tribal governments and services and provided needed employment to their members.

At the time the decision was made, only five states prohibited all forms of gambling. This meant that in almost all states, the doors were opened for American Indian tribes to start running gambling businesses. The effects of the ruling were immediate. By 1988, more than 100 tribes had high-stakes bingo halls and were collecting revenues of more than \$100 million.

FEDERAL LAW

State governments that wanted more control over

Turnaround for the Viejas Band

Anthony Pico is chairman of the Viejas Band of the Kumeyaay Indians, which owns Viejas Casino in San Diego, California. In an interview with PBS, he described the enormous difference the casino and related businesses have made for his tribe:

Before gaming and revenue our people lived in despair, in abject and grinding poverty. Do you know how it feels to see children with swollen jaws, swollen cheeks, because they have bad teeth and can't find good dental care? Or even any dental care? Do you know what it feels like to see your people living in despair and the reality for them is alcoholism? Do you know what it feels like to be able to have to ask others for the basic necessities of life for food? . . . This lifestyle was not a choice that we made. Our people were driven into arid areas. We were driven into the mountains, into the rocks. Languished there for 150, 200 years not having an opportunity to access the economics of this rich and abundant country. . . . Today we are off the welfare rolls; we are on the tax rolls. Today we're able to be positive contributors to the societies that are around and across our borders here on the Viejas Indian Reservation. We're very proud of that.¹

tribal gambling, as well as nontribal casinos that were faced with the competition from tribes, pressured Congress to take action. Some people thought that American Indian gaming needed to be regulated to prevent organized crime from affecting it. States also wanted to be able to raise tax revenue from American Indian gaming. In response to *California v. Cabazon*, Congress passed

the Indian Gaming Regulatory Act (IGRA) in 1988. IGRA's goal was to promote the self-sufficiency of tribes, ensure that gambling operations were fair, and prevent organized crime from infiltrating American Indian gaming operations.

The law confirmed American Indian tribes' right to regulate their own gambling operations as long as these enterprises were not specifically prohibited by federal or state law. It also created the National Indian Gaming Commission to regulate tribal gaming. The commission was empowered to oversee bingo-type gambling, to establish general rules for tribal gambling, and to enforce these rules with fines.

Under IGRA, states that allow any kind of gambling must negotiate in good faith with tribes who wish to open casinos. This gives tribes the ability to open casinos even in states where nontribal casinos are not permitted—as long as the state does permit some form of gambling. For instance, states that allow charitable bingo and casino nights for fund-raisers have been found to regulate gambling. This aspect of the law has created controversy. American Indian tribes in such states have been successful in opening casinos.

**If Not Gaming,
Then What?**

Some opponents to tribal gaming have questioned whether American Indians have better alternatives to create economic development on reservations. According to a statement by the National Indian Gaming Association, no other economic development tool has been as effective: "Many reservations are in remote, inconvenient locations on land that nobody else wanted. Before tribal gaming, there had been little successful public- or private-sector economic development on reservations. The federal government/Bureau of Indian Affairs has not been successful in economic development on reservations. The states have not proposed any specific or credible alternatives to Indian gaming as a meaningful source of tribal revenues and jobs. However, tribal governments are using the gaming proceeds to diversify and conduct other economic enterprises."²

For example, the Mashantucket Pequots opened Foxwoods, the largest and most profitable casino in the world, in Ledyard, Connecticut. If Connecticut had not allowed charities to hold a casino night once a year, the outcome may have been very different.

States that only allow gambling in minor forms such as church fundraisers sometimes have felt blindsided when a tribe asks for an agreement to open a casino. Likewise, states that allow individuals to gamble privately in their homes with blackjack or card games have also been obliged to negotiate with American Indian tribes wanting to open casinos. If the states refuse to negotiate, the federal government will do so on their behalf.

With the passage of IGRA, even more tribes entered the world of gambling. By 1989, more than 100 tribes were making money from



The Foxwoods Resort Casino is owned by the wealthiest American Indian tribe in the nation, the Mashantucket-Pequot.

bingo games. Many tribes also sought to open large-scale casinos. By 2006, tribes in 28 states operated casinos that employed 670,000 people.

ECONOMIC BENEFITS AND DRAWBACKS

The economic impact of Native American gaming has been profound. Total revenues grew from \$6.3 billion in 1996 to \$25.1 billion in 2006. According to the National Indian Gaming Association, gambling at American Indian casinos is now a \$27 billion industry that employs 700,000 people throughout the United States.

Conflicts over Profits

There are numerous examples of Native American tribes agreeing to share a portion of their profits with the states in which they operate. However, the setup does not always operate smoothly. For instance, in 2005, Michigan filed a federal lawsuit seeking millions of dollars from two tribes. The tribes had agreed to share a portion of their profits as long as they were granted gambling exclusivity under a 1998 compact. But the tribes stopped paying the money after the state introduced a Club Keno game in bars and restaurants. The tribes argued that the game constituted gambling, but the state disagreed. The lawsuit was settled in 2008 when the state agreed to lower its percentage of tribal gaming revenue from 8 percent to 6 percent.

Because they are considered sovereign nations, American Indian tribes do not have to pay taxes to the federal government. But unlike commercial businesses, tribal gaming revenue must be used for tribal government services, charitable causes, or economic development. Tribal governments use it to fund education, health care, roads, and other projects that benefit the tribes. Some also send revenue checks to members, money that can be spent by individuals to strengthen local economies.

As payment for shared services and to promote goodwill, many American Indian tribes have agreed to pay some money to the states in which they operate casinos. They often do so by sharing the revenue from slot machines. Even so, state and federal governments generally receive more financial benefits from a casino that is taxed.



A casino owned by the Oneida tribe in Green Bay, Wisconsin

Many people are concerned that the tax-exempt status of American Indian casinos provides them an unfair advantage over other casinos. Some people simply object to the idea that American Indian casinos do not have to pay the same taxes that other businesses do. There is also the fear that American Indian casinos could drive other companies out of business and deprive local governments of needed tax revenue. Others point out that if people were not gambling at an American Indian casino, they would

be buying goods and services that would generate sales taxes.

Proponents of tribal gaming point to the positive impact that casinos have had on American Indians' lives. Casino gambling has dramatically changed the lives of American Indian tribes involved in it. There is no uniform way of how they distribute payments, but all tribe members generally benefit—whether it be in the form of a direct payment, employment, or improved services and access to education. Many Native American leaders also have expressed optimism that the revenue from casinos would enable tribes to become involved in other business enterprises.

In addition to employing American Indians, many of whom once lived in poverty, the casinos employ other area residents. The income of casino employees is taxable, and states also benefit when unemployment is reduced and fewer people are receiving welfare or other benefits. The creation of jobs also stimulates local and regional economies throughout the United States. ~



A woman plays the slot machines at the Chewelah Casino in Washington state.



Chris Ferguson, founder of Full Tilt Poker

THE INTERNET AND THE FUTURE

Sambling on the Internet continues to pose new opportunities and dangers. On the one hand, if permitted and regulated, it could lead to more tax revenue to finance important state and federal programs and help offset deficits.

On the other hand, the practice raises particular concerns about gambling addiction because of the availability and ease of accessing the Internet. As of 2010, approximately 2,000 gambling Web sites were operating worldwide—none of which were located within the United States.

In 2006, Congress passed the Unlawful Internet Gambling Enforcement Act. This act does not make it illegal to place bets online. Rather, it makes it illegal for financial institutions such as banks and credit card companies to process payments for “unlawful Internet gambling.” Financial institutions are required to identify and stop such payments. This is supposed to make it more difficult for U.S. customers to gamble online. However, the ban is not strictly enforced, and many people continue to gamble on online sites.

The law has been problematic for several reasons. For one, the act does not define what “unlawful Internet gambling” is, and opponents to the law have argued that there is no generally accepted definition.

Dangers

One of the reasons that gambling online can be so dangerous is that anyone can do it behind closed doors and at any time. “The real threat comes from the isolation and secrecy of the betting activity itself,” according to Kevin O’Neill, deputy director of New Jersey’s Council on Compulsive Gambling. “I call this threat the cave syndrome due to the gambler’s isolated behavior and hidden activity.”¹



PDA with an Internet gambling application

The vagueness of the law has made it difficult to enforce.

There have also been questions about the government's ability to prosecute non-U.S. residents who violate the law. When part of an illegal transaction—payment for online bets—does occur in the United States, the government has claimed jurisdiction. In some cases, U.S. authorities have arrested foreign individuals when they visit the United States. For individuals who are physically outside the United States, authorities have to request

the cooperation of a foreign government to send the accused person here for trial, which is called extradition. Fear of prosecution has made some foreign companies reluctant to accept bets from U.S. customers.

Nelson Rose, a Whittier Law School professor and an expert on gambling law, says that the law has not had much effect. Aside from financial institutions, “everyone else can basically continue to do what they are now doing,” he said.² In many cases, overseas intermediaries are used to place bets and collect winnings.

A FUTURE IN FLUX?

Proponents for the legalization of Internet gambling argue that the United States would benefit from being able to regulate and tax online gambling. According to estimates, approximately \$16 billion is spent every year on Internet gambling. Approximately half of that amount comes from bettors in the United States. PricewaterhouseCoopers, an accounting firm, states that the government could generate as much

“With the click of a mouse you can lose your house without even leaving your house.”³

—Tom Grey,
executive director of
the National Coalition
Against Legalized
Gambling

as \$51.9 billion in tax revenue over the next ten years if it regulated gambling on the Internet.

The Man Behind Full Tilt Poker

One of the most popular online gambling sites is Full Tilt Poker, which was started by Chris Ferguson. He came up with the idea while studying game-theory concepts as a graduate student. He is more than just the brain behind the operation, however. He is also a great poker player and has won millions of dollars in poker tournaments. He said,

I saw Vegas as a challenge. Play ten hours a day, pay for my room and my food, and get home with more money than I started with. I think of that as my transition into manhood, when I was able to prove to myself that if I had no support from my family, and no job, as long as I could get to Vegas, and have a couple hundred dollars in my pocket, I could survive.⁴

Upon finishing his doctorate, Ferguson continued making money playing poker. In addition to winning an estimated \$7 million, he has made even more as chairman of the board of Tiltware, which developed and licensed the software on which Full Tilt Poker runs.

While other online gambling sites stopped dealing with U.S. players after the passage of the Unlawful Internet Gambling Enforcement Act, Ferguson decided to carry on. His company argued that, because poker is a game of skill, the law did not apply.

The ineffectiveness of the ban along with the potential for such a huge tax windfall have led many in the government to reconsider their stance on Internet gambling. On May 6, 2009, U.S. Representative Barney Frank, a Massachusetts Democrat, introduced legislation that would legalize Internet gambling. The bill was supported by large companies such

as Youbet.com and Harrah's Entertainment. It was also favored by the Poker Players Alliance, which was formed specifically to lobby for the overturn of the 2006 ban on online gaming.

Frank's bill would enable online gambling providers to be licensed by the Treasury Department. The bill also would require regulation of Internet gambling so that children could not gamble. The Treasury Department would review the criminal and credit histories of people who wanted to participate. Frank said that such a change "will enable Americans to be online and put an end to inappropriate interference with their personal freedom."⁵

Congressman Jim McDermott, a Democrat representing Washington State, introduced a companion bill, the Internet Gambling Regulation and Tax Enforcement Act. McDermott's bill would provide a way for the U.S. government to bring in tax revenue from online gambling. To operate in the United States, an online gambling business would have to submit to U.S. jurisdiction. This would give the United States power to enforce its tax laws. Licensed gambling sites would pay a monthly online fee to the U.S. Treasury, and individuals also would have to pay income taxes on their online winnings.

OUTLOOK

Gambling has been around in some form for thousands of years. It has met with varying levels of approval and acceptance at different points in history. Now, the practice seems more widespread than ever. While some people are trying to stem the rising tide of gambling, others have turned to gambling to solve economic problems.

These developments have reignited debates about gambling's proper role in society. What types of gambling should be allowed? How should it be regulated? Who should be allowed to run gambling operations—states, private businesses, American Indian tribes? Should gambling be banned—and even if it should be, can such a ban be enforced? Does gambling do more good or harm for a community? Is it a problem—or a solution? These are among the questions that communities and governments face in the years ahead. ~



Cash and a handgun that were confiscated in connection with a billion-dollar-a-year Internet sports gambling ring that was busted

TIMELINE

1420

Lotteries are used in Europe to finance public works projects.

1569

Queen Elizabeth oversees the first English lottery.

1612

The Virginia Company of London conducts a lottery to finance the settlement of Jamestown.

1865

After the Civil War, lotteries are used to raise money for rebuilding the South.

1887

The first slot machine is invented.

1890

The U.S. Congress outlaws the use of the postal service for lottery sales, crippling national lottery operators.



Legalized Gambling

1823

Organizers of a lottery conducted by Congress to beautify Washington DC steal the profits.

1833

Quakers persuade Pennsylvania to ban state lotteries because they are immoral.

1860

Delaware, Missouri, and Kentucky are the only states to still allow lotteries.



1931

Casino gambling is legalized in Nevada.

1950

A U.S. Senate committee opens an investigation of organized crime and casino gambling.

1957

Gamblers Anonymous, which helps those who have a gambling problem, is established.



TIMELINE

1959

Nevada creates the State Gaming Commission to strictly regulate casinos and gambling.

1964

New Hampshire becomes the first state to operate a lottery in more than 70 years.

1972

The National Council on Compulsive Gambling, since renamed the National Council on Problem Gambling, is founded.



1987

The Supreme Court upholds the rights of American Indian tribes to operate casinos independently.

1988

Congress passes the Indian Gaming Regulatory Act. American Indian tribes can operate gaming facilities without paying taxes.

1993

Utah and Hawaii are the only two states that do not allow gambling in some form.

Legalized Gambling

1974–1976

The Committee on the National Policy Toward Gambling meets.

1976

New Jersey becomes the second state to legalize casino gambling.

1978

New Jersey's first casino opens in Atlantic City.



1995

The American Gaming Association is created.

2006

Congress passes the Unlawful Internet Gambling Enforcement Act.

2009

Pennsylvania Governor Ed Rendell proposes legalizing video poker machines in the state.



ESSENTIAL FACTS

AT ISSUE

Opposed

- ❖ Some people who gamble become addicts, ruining not only their own lives but also those of family members and friends.
- ❖ Children who are exposed to gambling are more likely to become pathological gamblers.
- ❖ Gambling is associated with higher levels of crime, drug use, and alcoholism.
- ❖ Gambling negatively affects local economies when people spend their money on gambling rather than on other goods and services.

In Favor

- ❖ Lotteries and other forms of gambling raise revenues that fund valuable state programs in areas such as education and public safety.
- ❖ Gambling businesses create jobs and help local economies by driving tourism.
- ❖ Gambling is a legitimate form of entertainment. Most adults gamble responsibly and should have the right to spend their time and money how they choose.

CRITICAL DATES

1931

Casino gambling was legalized in Nevada. Afterward, the opening of casinos led to an economic boom from tourism in Las Vegas.

1964

New Hampshire became the first state to operate a lottery in more than 70 years. Lotteries soon were adopted in other states, with the profits being used to plug holes in state budgets.

1987

The U.S. Supreme Court upheld the rights of American Indian tribes to operate casinos independently. Since then, casino profits have lifted many tribes out of poverty.

2006

Congress passed the Unlawful Internet Gambling Enforcement Act in an attempt to curb online gambling, but the act has had little effect because enforcement has been difficult.

QUOTES

“Gambling is inevitable. No matter what is said or done by advocates or opponents of gambling in all its various forms, it is an activity that is practiced, or tacitly endorsed, by a substantial majority of Americans.”—*Committee on the Review of the National Policy Toward Gambling*

“For many, gambling is an addiction like drugs or alcohol. It has ruined families, imperiled and destroyed children, and opened vast opportunities for [organized crime families]. Gambling is a breeding swamp for crime. Sure, some can enjoy it in moderation, just as many enjoy booze in moderation. That is why we allow Las Vegas and the neighborhood pub. But the state ought not to champion gambling any more than it champions alcohol.”

—*R. Emmett Tyrrell Jr.*

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WEB LINKS

To learn more about legalized gambling, visit ABDON Publishing Company online at www.abdonpublishing.com. Web sites about legalized gambling are featured on our Book Links page. These links are routinely monitored and updated to provide the most current information available.

FOR MORE INFORMATION

For more information on gambling, contact the following organizations:

Gamblers Anonymous

P.O. Box 17173, Los Angeles, CA 90017

213-386-8789

www.gamblersanonymous.com

This organization helps people overcome addiction to gambling.

Mashantucket Pequot Museum and Research Center

110 Pequot Trail, Mashantucket, CT 06338-3180

800-411-9671

www.pequotmuseum.org

This museum is owned and operated by the Mashantucket Pequot Tribal Nation. It features the rich history of the tribe as well as exhibits on the cultures and histories of other tribes.

Nevada Gambling Museum

50 South C Street, Virginia City, NV 89440

775-847-9022

See more than 100 antique slot machines, devices that allowed gamblers to cheat, and other gaming memorabilia.

GLOSSARY

addiction

Dependence on something that is habit-forming and often harmful.

bankruptcy

Inability to pay one's debts, leading to a legal proceeding.

bookmakers

People who illegally take bets, often on sporting events, and who sometimes use violence to collect debts.

dopamine

A chemical released in the brain that creates feelings of pleasure.

extradition

The surrender of a criminal from one country's government to another country that has jurisdiction to try the charge.

fraud

An intentional deception for personal gain.

impulse control disorder

A disorder that leads a person to seek a small, short-term gain even if a large, long-term loss is likely.

jurisdiction

The power, right, or authority to administer a law.

keno

A lottery- or bingo-like game played at some casinos and as part of some state lotteries.

lottery

A form of gambling that involves a random drawing in which one or a few people win a prize.

manic

Frenzied and uncontrolled by reason.

pathological gambler

Someone who wants to stop gambling but does not and often experiences negative consequences as a result.

predisposed

More likely, because of preexisting factors, to have a condition such as problem gambling.

probability

The chance that a given event will occur.

proponent

Someone who argues in support of something.

slot machine

A machine for casinos, featuring various games that are played by inserting coins or bills.

sovereign

Not subject to an outside government.

sports betting

Wagering money on the results of a sporting event.

video poker

A casino game based on five-card draw poker that is played on a computerized console similar in size to a slot machine.

withdrawal

Symptoms, such as vomiting or tremors, that are experienced by an addict when the person ceases the addictive behavior.

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