Legalized Gambling Essay, Research Paper

Through the years, gambling has become America’s

pastime. Over 60 million Americans make some sort of

wager every day.1 When compared to other recreations(in

billions of dollars) in 1990, gambling institutions made

2.2 more than magazine sales, 8.3 more than book sales,

20.9 more than theaters, and a whopping 21.8 more than

movies.2 This number has increased to this high level

because of the growth in the amount of legalized gambling

establishments and the accessibility to these

establishments, both of which increases the number of

gamblers. The compulsive or pathological gambler affects

society most. According to Stuart Winston,

The compulsive gambler is the backbone of gambling.

Without the compulsive gambler, there would be no Las

Vegas, no Off Track Wagering. Two thirds of the race

tracks in America would close. The attendance of sporting

events would drop 50%, and T.V. wouldn’t bother with

sports beyond championship events…..The compulsive

gambler bets a piece of his life everyday, and a piece of

his family’s. The other 45 million people who gamble are

having fun.(Out of the 60 million who gamble every day)3

These gamblers often resort to crime to pay off their

debts and anger. Even though legalized gambling has

changed through time, and has been “accepted” in America

today, it remains detrimental to society, and should not

be legal anywhere.

American gambling can be traced back to the early

years of the nation. Different forms of gambling, such as

lotteries, remained popular until 1890, when U.S.

jurisdiction made lotteries and all other forms of

gambling illegal by direct prohibition.4 Gambling had

become more and more a “low life” thing to do. These low

lifes, called “rowdies”, would bet or take a bet on

anything. Most tried to look different from everyone else

by wearing thick imitation gold chains, a dyed black

mustache, a velvet coat, and long hair.

New York City alone had about 30,00 people earning a

living from gambling in the 1890’s. The casino’s were

plush and usually had a buffet with alcohol. The

operation made a lot of money, most from cheating. Each

casino would hire “agents” to come in and claim winning

keno numbers, afterwards giving most of it back to the

casino. Counterfeit money was also handed out to the few

people who happened to win. Any protest from a loser and

he would end up with a black eye. Oscar Handlin said, “An

individual may sometimes take away substantial sums of

money, but in the long run the banker must win.”5

Essentially, gambling hurt society in the early years of

America. For the next 25 years, gambling became unpopular

again because of reports of cheating and changing American

values. Anything thought of to be harmful to society

became illegal. For example, alcohol became illegal by

Prohibition.

The reintroduction of gambling resulted in the return

of corruption and fraud. By the mid 1920’s, state after

state abolished its anti-gambling laws. Gambling had

become more and more accepted because of churches holding

bingo sessions and legitimate racetracks being built. In

1931, gambling became totally legalized in Nevada to

replace the money the state was getting from depleted ore

rich mountains.6

Organized crime started to turn toward gambling as

their main source of income after Prohibition ended in

1933. These criminals made most of their money

bootlegging alcohol during Prohibition, so once alcohol

prices went down, they needed another way to make a lot of

money fast: gambling.7

Organized crime started getting more involved with

gambling once Las Vegas started to boom. Bugsy Siegal, a

half insane murderer who was sent to Nevada to enforce mob

control of the race wire services, opened up the first

hotel/casino in Las Vegas. His hotel, the Flamingo began

a long period of gang involvement in Las Vegas. In 1947,

the Desert Inn opened, run by a gang from Cleveland. A

savage group of people, including the infamous Meyer

Lansky and Lucky Luciano, established the Desert Inn in

1947. Lansky, the brains of this group, was a genius with

numbers, while Luciano, the brute of the group, was a

genius for finding Lansky. 1952 brought the opening of

the Sahara by some run-out’s from Oregon. The Sands, with

Frank Sinatra as a headliner, opened in 1953, funded with

Chicago mob money. This was the first attempt at bringing

big time entertainment out to Las Vegas to draw people to

casinos. Tony Stralla, a hoodlum from California, opened

the Stardust in 1955. The Stardust towered over the rest

of the hotels on the strip and had more luxuries inside.8

Each hotel became bigger than the next and all made a

lot of money. Much of the money was “skimmed” off the top

and sent around the country to different mob headquarters

before taxes could be taken out. By the late 1950’s,

federal accusations such as the Kefauver expose and

investigations by the Treasury Justice, showed the mobs

involvement in Las Vegas and the ways they were stealing

money from the government such as skimming.9 Once again,

the public saw decided gambling was bad after, the news of

corruption and fraud, just like in the 1890’s10

Today, everyone has given gambling, a booming

corporate industry, another chance. Squeaky clean owners,

such as Steve Wynn and Donald Trump, own numerous casinos

in Las Vegas and Atlantic City. Each has been portrayed

by the media as “good guys” who just happen to be making a

lot of money through gambling. They advertise gambling as

a legitimate business, with corporate style offices

staffed by corporate style employees and have stocks

representing their company on the stock market.11

Each new hotel/casino is bigger and nicer than the

next, just like in the late 1940’s and early 1950’s. They

bring in big-time gamblers with complimentary amenities,

such as free air-fare and suites. Middle class gamblers

are lured to casinos by free food. For lower class

gamblers, owners provide free transportation.12

Outside of Las Vegas, growth can be seen even more.

State lotteries, riverboat casinos, bingo parlors, and

Indian Reservation casinos can be seen all across the

country. More and more states are legalizing forms of

gambling each year. The gambling cycle is still rising

and may never come down. This recent resurgence in

gambling tried to clear its image, but problems still

exist.

The growth in gambling venues has greatly increased

the chances for an average person to gamble legally. This

growth, in turn, has exponentially increased the number of

gamblers. By the year 2000, 95% of Americans will live

within a 3-4 hour drive of a casino.13 Today, the only

two states without any kind of legal gambling are Hawaii

and Utah.14 Because of this, the amount of money gambled

legally in 1993 was 2,300% higher than the amount wagered

in 1974.15 From 1982-1990, Americans increased their

amount of money they gambled over twice as much as their

incomes increased.16

Despite the growth of this new “clean” gambling

industry, the results of gambling remain frightfully

dangerous. Casino owners, while no longer street

hoodlums, are still mercilessly preying on the weakness of

their clients. The owners of these gambling institutions

have two rules: get the people to start playing and keep

them playing.17 They make their casinos more enticing for

the average person by making themselves look like good

citizens. Casino owners make donations to local charities

and schools and run lucrative adds sounding as if making

money at their casino will be easy and fun.18 The

industry has also stayed up with the times making betting

easier, more appealing, and more exciting.19 Harrah’s

casino spends thousands of dollars each year to see

whether fresher air, wider aisles, and back supports can

increase gambling. The Hilton in Las Vegas even went so

far as to release a scent called “Odorant 1″, produced by

Alan Hirsch, a Chicago neurologist. This scent made the

air smell “fresher”, in a slot machine pit. These slot

machines saw 45% more action than usual.20

Why do these casinos want each person in their casino

to stay longer, and to bet more money? Because the odds

are in favor of the house, and the more money gambled, the

more the house will make. CEO and President of Claridge’s

Casino in Atlantic City, Bob Renneissen, said, “Our goal

is not to get more out of a customer in three hours but to

get him to stay for four hours.”21

In lotteries and horse racing the house earns the

same percentage from the wagers, no matter what the

outcome is. This fact ensures that more money is wagered

the more money is made. In casino’s, each game has a

certain percentage of winning. Sports books get 10%,

craps gets .6-1.4%, roulette gets 5.2%, blackjack receives

2-15%, and keno gets a whopping 20%.

In 1980, a math genius named Jess Marcum calculated

that a craps player who made just a one dollar bet every

bet for two months straight would have a one in two

trillion chance of winning $1000 before losing $1000. In

contrast, if that person only plays for 25 minutes and

bets $200 every time, they would increase their odds to

1.15 to 1.22 Basically, the longer the gambler stays, the

more money the house will take in. The casinos of today

do not need blatant fraud and corruption, like their

predecessors, to make large sums of money. As long as a

casino remains popular, it will make money.

The recent resurgence in gambling has created more

problems in America. In 1980 Tunica, Mississippi was

known as “America’s Ethiopia.” Around 53% of the

population lived in poverty. Everyone thought the answer

to the community’s problems would be to build a casino

This did make new jobs for some people, but the price of

land increased 10 times more. Property taxes increased

dramatically as the property values increased.23 The only

people who were reaping the benefits of the casino were

the rich owners and the rich real estate developers.

Lotteries also end up hurting the people who need

help most. High school drop-outs and people with incomes

under $20,000 make up the largest percentage of lottery

players.24 In lotteries nationwide, the poor spend $572

per year on lottery tickets, while receiving only $80 in

services from increased tax revenues. Meanwhile,

wealthier people spend $26 per year on lottery tickets,

while receiving as much or more than that in local aid.

Even though state lotteries are supposed fundraisers to

help people who need help, they generally hurt the poor

and while helping the more fortunate.

Local casinos always spell disaster for nearby

restaurants. In Atlantic City, from 1977-1987, 101 out of

243 restaurants closed with the arrival of casinos. These

nearby casinos offer free food to draw customers in. This

very expensive proposition from the owners can be written

off of their annual income tax. In 1991 alone, 234

million dollars were written off casino’s taxes.25 Why

should the consumer pay for food when he can get it free

at the casino?

Gambling also spurs a huge increase in crime.

According to United States Attorney General Kelley,

Between 1977, when the first casino opened in

Atlantic City, and 1986, just nine years later, the

incidence of larceny per capita increased by four

hundred and sixty- seven percent. Incidence of all crime

combined increased by 138%- and this figure includes all

categories of violent crime, including rape and robbery.

Since Illinois legalized riverboat gambling, funding for

state police has increased 50%, or 100 million dollars per

year.26 Charles Cozic said, “The best estimates of

increased costs to Illinois’s criminal justice system[from

gambling] appear to range between 1.03-1.18 billion

dollars.” This amount of money is much more than the

state has received from the casinos. A high percentage of

these problems stem from pathological/compulsive gamblers,

who in 1990 cost the city of Chicago approximately $52,000

per year per gambler. They also cost the state of

Maryland alone 1.5 billion dollars in lost work,

productivity, stolen or embezzled monies, and state taxes

not paid.27

The compulsive gambler is the biggest problem that

gambling produces. Most compulsive gamblers live unhappy

and frightened lives.28 They almost always lose more than

they can win and since they are stubborn and childish,

they continue to chase the lost money in a bitter, angry,

driven mood.29 Also, they are always on the way down,

losing more and more money, and going deeper and deeper in

debt to banks, finance companies, relatives, and

friends.30 Compulsive gamblers lose their tempers

frequently, often striking anyone at any time.31 They

have been known to have no limits in obtaining money.

Murder, stealing, embezzling, conning, and even resorting

to prostitution or putting their wives into prostitution

have been known ways of getting money to pay off gambling

debts.32

People become compulsive gamblers through peer

pressure and social pressure. Most are very competitive,

athletic, have above average intelligence, and are

motivated to achieve.33 Many gamble for a death instinct,

a need to lose, a wish to repeat a big win,

identification, and a desire for action or excitement.34

Out of the three million compulsive gamblers in America,

65% are men.35 The most common occupation for a

compulsive gambler is an attorney, while accountants,

bankers, stock brokers, and sports figures have a higher

than average percentage of compulsive gamblers.36 Some

compulsive gamblers of today include Walter Mathau, Omar

Shariff, and Larry King.

These troubled people have been and will be around as

long as gambling is available. Even over 100 years ago,

big name compulsive gamblers, such as W.H. Vanderbilt and

J.P. Morgan lost millions of dollars gambling.37

Institutions, such as the 800 Gambler Anonymous’s and 300

Gam-Anon’s, have been made to help these troubled

individuals, but most need professional help, which they

can not afford.38

Unfortunately, teen-age gambling also has increased

dramatically, especially in cities with legalized

gambling. According to Fred Franco Jr., a prosecutor in

New Jersey, “gambling is the addiction of the ’90’s.”39

These teen gamblers get an adrenaline rush when gambling,

just like when taking drugs. Approximately 500 million to

one billion dollars are gambled each year by underage

gamblers.40 Even worse, the estimated 1.3 million teen

gamblers, 7% of which are under the age of 18, are twice

as likely to become compulsive gamblers.41 Another source

determined that one million teenagers are compulsive

gamblers out of the eight million compulsive gamblers in

the country.42 These numbers vary so much because few

institutions have researched this very major problem.

These young compulsive gamblers have the same problems as

their older counterparts. Approximately 13% commit crimes

to pay for their habit.43 They put gambling above school,

friends, and their growing debt.44 A poll at a local Las

Vegas high school showed that 400 out of 768(52%) students

had gambled illegally. Other research showed 155,000

underage gamblers were caught trying to get into Atlantic

City casinos last year.45

Teen gambling is rapidly growing for many reasons.

First, few seem to care about or address the issue.

Second, every new casino built on the Las Vegas strip has

become family oriented. The MGM Grand, Luxor, and

Treasure Island, built in the last five years, and Circus

Circus and Excalibur, built a few years before, all have a

Disney-like environment geared towards kids. Children

have to walk through casinos to get to their hotel rooms,

theme parks and video game arcades.46 Third, teenage

gamblers hardly ever suffer any type of severe penalty

when caught trying to sneak into a casino or buy lotto

tickets, so they just go to the next casino or next drug

store. Finally, most young adults do not get warned about

the wrong of gambling. Parents and schools drill into

their kids heads not to have sex, do drugs, or drink

alcohol, but hardly ever even say a word against gambling.

These teens are headed towards more and more problems as

they get older. Because of this huge involvement among

teens, gambling had an even worse effect on society this

time through the cycle.

Through the years, all forms of gambling have caused

major problems and should not be condoned by government.

Gambling has gone in and out of popularity through cycles

where owners have gone from low life “rowdies” to

organized crime heads, and now big money corporation men.

America is in a very dangerous cycle because of the clean,

corporate style gambling operations run today, which don’t

seem to have any fraud or corruption. Also, many forms of

legalized gambling have become more and more accessible.

Worst, as the number of compulsive gamblers have grown,

the number of teenage gamblers have dramatically grown,

leaving poor futures for them.

Government needs to recognize the problems gambling

has always produced, along with the new problems of today,

and banish gambling altogether.

ENDNOTES

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