

Influencing international foundations for legalization, policy and commercial gambling: A tribute to William Eadington's International Conference on Gambling and Risk Taking

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Introduction

Irrespective of which perspective one adopts – clinical, public health, marketing/promotion, operator, or regulator – the fundamental foundation upon which gambling in contemporary society is built is policy, legislation and economics.

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Throughout history, gambling in its various guises has fluctuated from widespread popularity to social opprobrium and suppression. Following the temperance movement and prohibition in the USA in the early 1900s, gambling became relegated to the realm of illegality and was the purvey of gangsters and moral degenerates. In 1909, the Women's Civic League effectively lobbied the Nevada State Legislature to make gambling illegal, a restriction that lasted only 20 years (Puzo, 1976). Ironically, the stock market crash of the 1920s and the very forces that undermined gambling as a legitimate commercial recreational pursuit led to the establishment of Las Vegas as a small town located in a desert environment that existed for no other purpose than to offer a few Western-style casinos (Puzo, 1976). Remaining relatively dormant for three decades, commercial legal gambling began to manifest a growing resurgence in the mid 1960s with a burst of activity in the following decades. From its meager start in one state in the USA, gambling now represents a major business enterprise with casinos and/or other forms of gambling now present in 48 of the 50 states.

The image of gambling has also witnessed an almost spiritual cleansing as political and legal agencies joined forces to exclude organized criminal elements and suppress corruption and money laundering associated with casino operations. Probity checks and government commissions resulted in the acceptance and spread of legal commercial gambling with its effects ultimately spreading beyond the borders of America to global regions.

Legal commercial casino gambling is now an enterprise that incorporates many Western and Eastern Europe, the Australasia, Africa, the United Kingdom and Mediterranean countries but absent in the predominantly Islamic countries such as Indonesia and the Middle East where the Qur'an (Koran) prohibits gambling. The

distribution of gross gaming revenue across international jurisdictions reflects the status of gambling as an important economic enterprise for industry and governments. For example, the gross gaming revenue of Nevada is USD \$10.9 billion, a figure Macau surpassed in 2007. Macau reached USD\$33.6 billion in gross gaming revenue in 2011. Singapore with just two casinos opening in 2010 has rapidly expanded with comparable levels of revenue achieved to date.

Estimated projections suggest that global casino gaming revenue will achieve a compound annual rate of 9.5% to 2015 (Global Gaming Outlook, 2012). Affected by the global financial crisis, the rate for the USA is predicted to be 5% compared to the 18.3% for Asia over this period with Asia accounting for 43.5% and the USA for 40% of the total share of the market revenue (Global Gaming Outlook, 2012).

Emerging technologies has further contributed to the rise of commercial gambling with this form accounting for 8% of the global gambling market (GBGC, 2011). With expected growth to continue at 12% annually, global Internet gross gaming yield is predicted to exceed US\$43 billion by 2015 (GBGC, 2011).

Irrespective of which perspective one adopts – clinical, public health, marketing/promotion, operator, or regulator – the fundamental foundation upon which gambling in contemporary society is built is policy, legislation and economics. Policy determines the scope and forms of the various forms of gambling that can be introduced into a jurisdiction, legislation sets the regulatory framework in which commercial gambling can be legitimately offered, and economics underpins the driving force behind supply and demand.

William R. Eadington: Influence and achievements

Within the above context, William R. Eadington stands as an intellectual above all others. Bill has, for over forty years, made a substantive contribution to commercial gambling not only in respect to influencing legislation and economics, but also in placing gambling at the forefront of scientific inquiry, and in attracting, mentoring and stimulating many other researchers into the field.

From his first publication in 1973, Bill has set about systematically and comprehensively examining the economic characteristics, political environment and social effects of commercial gaming across international jurisdictions. It is with great insight that Bill began comparing the development and expansion of legalized casino gaming in the US, particularly comparing and contrasting the pioneering gaming States of Nevada and New Jersey. The motivation for embarking on such a comparison was the recognition that legalized casino gaming was emerging as a dominant force in the gambling industry, one that would transcend the borders of America to represent a global market reaping substantial economic benefit (and costs) to governments and industry operators. Bill had the vision to see that Bugsy Siegel's selection of Las Vegas as the site for his construction of a casino, and the spread of this form of activity to the boardwalks of Atlantic City would, in the climate of the 1980s, breach these geographical monopolized boundaries to encompass other States in addition to other countries. In this regard, Bill was more than correct.

In response to this prophesized and subsequently realized trend, Bill recognized the need to direct and advance the political debate on policies for and against the legalization and proliferation of casino gaming in the community. In so doing, the impact of Bill's career aspirations is evident in the extent to which he has shaped the economic and regulatory framework of casino gaming on the world scene. How has he achieved this? Bill has managed to influence the field through several means, specifically his scholarly writings, clarity in conference presentations, consultations

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and organization of a world renowned and respected conference. Through such means, Bill has outlined the financial and economic factors that have evolved to mold legitimate sources of capital funding that have allowed the construction of the mega-casinos that now form the familiar landscape of Nevada and more recently, Singapore and Macau. Bill has examined the processes and importance of shifting the capitalization of casinos from their mafia-controlled early origins to legitimate commercial enterprises run on strict probity and regulatory requirements.

Market forces are rarely static and Bill's analysis of the effects that the recent global financial crisis has had on the American market and how increasing reliance on gaming taxation revenue by governments has significantly altered the face of gaming worldwide are insightful. As Bill notes, the offshoot of this reliance is the shift in focus evident within political circles where legislation has moved from one of regulatory restriction to the promotion of a sustainable long-term industry. Nowhere is the change in government focus more clearly articulated than in Bill's statement that, "*There was a collective belief that the harnessing of legal commercial gaming could fulfill many needs and solve a myriad of society's problems*" (Eadington, 2009).

Bill was cognizant of the evolutionary changes that were occurring within the gaming environment with the shift in attitudes from opposition on moral grounds to the growing acceptance that commercial gaming could be conducted with substantially high levels of integrity and consumer protection. He recognized the fact that private and government operators were invested with the task of introducing increasingly sophisticated forms of gambling and that this would result in tensions between pro- and anti-gambling sectors of the community. Accordingly and not surprisingly, Bill contributed to debates adding clarity and objectivity to questions and issues related to tax revenue generation, and regional economic revitalizations. To do this, he embarked on what can be best described as a more accurate and realistic assessment of, and implications for, gambling introduced to local and broader regional economies and on related social and political structures of communities (Eadington, 1988). He often remarked on the creation of employment opportunities, taxation revenue, enhanced tourism, and satisfaction of consumer demands as factors fostering the promotion of gambling.

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From my own perspective, one of the most impressive and endearing qualities that Bill has exhibited is his capacity to advance beyond the economics of gambling to incorporate social justice and the commercial tension between the profit motive and the protection of vulnerable community members. Bill fully understands the need for gaming operators to balance market expansion and the legitimacy of gambling as a recreational product with the negative consequences experienced by a minority of the general population, and a significant minority of the gambling public (Eadington, 1988). He strongly argued that it would not be until the industry effectively responded to and managed problem and pathological gambling behaviors among patrons that the blanket of acceptance and legitimacy would come to cover commercial gaming. In his 2002 book, *The Downside*, co-edited with Jeff Marotta and Judy Cornelius, Bill applied economic parlance in referring to the *negative externalities* that problem and pathological gambling exerted on the acceptance and legitimacy of gambling in general.

He identified the social costs of gambling as one of the major variables restricting the proliferation of gambling in various jurisdictions globally.

This argument continues to bear relevance in contemporary times where we continue to witness adversarial positions adopted by academics, and welfare and community groups who act to stultify cooperative research with claims of ethical conflicts of interest and bias. Pointing to the experience of tobacco, alcohol and pharmaceutical research, these groups argue that collaborative efforts are either extremely difficult or not possible.

Bill, however, displayed a more pragmatic and ethical perspective in his attempts to draw together researchers, regulators, industry operators and treatment providers together in conferences to share ideas and concepts and to engage in critical debate over controversial topics.

I am drawn to Bill's comments, expressed in his foreword to the 1982 Fifth Conference on Gambling and Risk Taking, where he clearly articulated the presence of tension between the diverse interest groups in gaming with industry operators perceiving various threats to their revenue base and autonomy through regulatory restrictions, and psychologists and psychiatrists tarnishing their image through the pathology of problem gambling. He noted that "*Such perceptions often have some basis in fact, but often there is quite a bit more common ground among such individuals than they individually might be aware of*" (Eadington, 1982, p. vii). Nevertheless, the tension continues although there does appear to be pockets of breakthrough in various areas with governments, industry and researchers demonstrating the ability to work in concerted and collaborative means to evaluate harm minimization strategies.

Not surprisingly, key stakeholders (to use such a cliché), that is, influential government and industry decision-makers who dictate policies and the direction of commercial enterprises internationally have consistently sought Bill's expertise and advice. This has included input regarding economic forecasting, feasibility of gaming products and devices, cost/benefit analyses and drafting of gaming legislation and regulation across virtually every international jurisdiction where gaming is legal. It is difficult in a brief manuscript to include a comprehensive description of the impact of Bill's scholarship and influence in informing and shaping policy decisions and economic development made in respect to casino gaming in America and elsewhere. He has provided substantive discourse on the effects of gaming on tourism, integrated resorts and their market structure and tax environments, the impact of tribal gaming among native Americans, competition and the evolution of game preferences and VIP contractual systems and junkets in Macau, and the role of capital ventures, rent-seeking and risk taking in the construction and development of the casino industry.

In tribute to Bill's contribution and achievements, I can only highlight the incredible breadth of his economic and market analyses and the extent to which he in many ways has made a significant mark on the casino gaming scene. I do not profess in any way to be able to detail which impacts can be directly attributed to Bill and which have been the indirect or subtle outcomes of his lifetime work. What I can state is that his reputation is as one, if not the leading, authority on casino gaming, policies and economic growth.

But there is more. Not content with leading the field, Bill spread his knowledge by teaching and training others through the curricula and Executive Development Program for Senior Casino Management he developed for professionals. This fostered the capacity of others to take on the mantle of leadership in their respective organizations. The reputation and standing of Bill as a leader in the field can be easily empirically validated; in 2008, Bill was justifiably awarded the title of Doctor of Business Administration *Honoris Causa* from the University of Macau for his contributions to gambling research, and in 2011, he was inducted into the Gaming Hall of Fame with a Special Achievement Award for Gaming Education.

As an economist, Bill was nevertheless cognizant of the social and personal costs associated with excessive gambling. From the early days, he argued that, "*It is conceivable that in the near future some jurisdictions in the United States are going to want to legalize casinos but also to restrict the social impacts associated with the presence of casinos*" (Eadington, 1984). Consequently, he recognized the need to take into account the concepts of responsible gambling, arguing for the imperative to incorporate harm minimization initiatives into government policies and industry codes of conduct. But his concerns were not relegated to the domain of armchair philosophizing. He actively extended his academic and consultative roles by becoming a member of the National Council of Problem Gambling (1998 – 2012) and accepting the position of its

Presidency (2008-2009).

Conference: International Conference on Gambling and Risk Taking

In collaboration with Judy Cornelius and others, Bill established and organized fourteen triennial International Conferences on Gambling and Risk Taking and published its proceedings through the Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno. Commencing in 1974, and with the next one planned in 2013, this conference brought together prominent experts in all aspects of gambling research to interact and share their knowledge, understanding and skills. One cannot over-emphasize the central role and contribution that this conference made in coalescing disparate disciplines into a cohesive whole: sociology, psychology, psychiatry, economics, political science, history, decision making, neurosciences, and public health to name but a few. These conferences, eagerly looked forward to by students, early career academics, and seasoned researchers, formed the foundation for interpersonal interactions and multi-disciplinary collaborative research to emerge. There is no doubt, confirmed by personal feedback from colleagues, that Bill's conference stimulated research and set the basis for effective networking and consequent strong collaborative ventures and endearing friendships among researchers.

I can attest to this personally. While completing my doctoral dissertation in the early 1980s, I attended the first of a number of Bill's conferences. Apart from my exposure

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to a man of such impressive stature (physically as well as intellectually), I met many fellow researchers who remain close colleagues and friends. Bill's clarity and depth of ideas, capacity to communicate effectively, and charisma left a significant mark on my academic pursuits, and as a consequence, I have much to be grateful for having met him and having participated in his conferences where I gained a wealth of knowledge and innovative ideas.

In writing this tribute, I had cause to revisit the publications emanating from these conferences. A cursory perusal of the names of participants appearing in the pages of these conference proceedings simply shows the extent to which Bill was able to draw together a diverse group of growing experts to offer high quality papers that have, in the aggregate, set the contemporary gambling research and regulatory agenda. It is interesting to revisit the early days when the study of the psychology of gambling was at its embryonic stage and reflect on the then pioneers who continued their interests and activities to build international reputations as experts. Bill is right to be justifiably proud of the fact that his vision and efforts in organizing his conference had generated the spark of inquiry into many budding researchers, clinicians and regulators, not to mention industry operators. From the earlier pioneers such as Julian Taber, Robert Custer, John Rosecrance, Durand Jacobs, Jule Moravec, Patrick Munley, Gordon Moody, Michael Walker, I. Nelson Rose, Iain Brown, William Thompson, and William Cummings among many others were added the crop of those who flourished over the recent years;

Henry Lesieur, Jeff Derevensky, Robert Ladouceur, Jeff Marotta, Randy Stinchfield, Jan McMillan, Mark Griffiths, Rina Gupta, Lia Nower, and of course Bo Bernhard and many, many more. This list is biased to most of those I had met at Bill's conference and does not include many others who deserve mentioning.

Although many researchers and clinicians working in the field of gambling studies recognize the contributions of William Eadington and have been influenced either through his publications or by having attended one of his conferences, the majority would

not be fully aware of the mammoth influence that Bill has had in painting the canvass of gambling with the full colors of the palette. Using the brush of economic studies, the vibrant scene of commercial gaming from the background of legislation, policy and regulatory practices, market forces, social costs/benefits and historical perspectives through to the forecasting of future developments, Bill has created a monumental three dimensional enduring work of art that will be admired by many generations yet to come. As academics continue to analyze the extent and nuances of Bill's studies, many will come to realize just how influential his scholarly work has been and the extent to which the field of gambling studies owes him a debt and sense of deep and respectful gratitude.

A Tribute

A tribute (from Latin *tributum*, contribution) is wealth, often in kind, that one party gives to another as a sign of respect. With some trepidation, I fear that this paper does not do true justice as a tribute to William R. Eadington or his contributions to: commercial casino gaming economic and market policies and development; the importance of problem and pathological gambling and its adverse social and personal costs; or to the opportunities presented by his conferences for networking, intellectual stimulation, rigorous debate, and directing interdisciplinary attention to a significant global and growing business and recreational industry. Therefore, suffice it to say that there are few contemporary equivalents of William R. Eadington garnering the respect accorded to him by his peers.

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