

# A History of the International Conference on Gambling and Risk-Taking

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“The study of gambling is fascinating, perhaps because it is so easy to relate it to parallels in areas of our everyday lives. But the surface has only been scratched; many questions remain to be satisfactorily answered.”

--Preface to *Gambling and Society* (1976), William R. Eadington, editor

The above statement is a sound summary of why those who study gambling do what they do: gambling raises vital questions, many of which still lack definitive answers. And yet, the study of gambling is no longer the *terra incognita* it once was. The evolution of the International Conferences on Gambling and Risk-Taking is both a sign of the changes in the study of gambling over the past forty years and one of the driving forces behind that change.

Started in 1974 as the National Conference on Gambling and Risk-Taking, the conference began as a gathering of academics in a variety of disciplines from around the United States who were interested in the impact of gambling from several points of view, ranging from analyses of mathematical questions about gambling, to the fundamentals of pathological gambling, to understanding business dimensions of gaming enterprises, to broader inquiries into the impact of gambling on society. The First Conference was held at the Sahara Casino in Las Vegas in June of that year in conjunction with the annual meeting of the Western Economics Association.<sup>1</sup>

This wasn't the first mainstream academic discussion of gambling (gambling has been the subject of academic study since at least the 16th-century career of Giralamo Cardano), but it was the first dedicated gathering that concentrated specifically on the topic. And, while those who studied gambling in the early 1970s and before were often scoffed at by academics with more traditional research foci, they were greeted with outright hostility by some in the gaming industry.

These two disapproving attitudes about gambling research seemed to emerge from very different corners. Traditional academics were suspicious of those who studied gambling, suspecting that the researchers were themselves caught up in the thralls of gambling obsession; like studying prostitution or illicit drugs, such researchers must have impure ulterior motives if they are pursuing such perverse undertakings. A second attitude seemed to emerge from the gaming business community. Their attitude was, “How could academics know anything about this business? Their only real interest has been to expose the gaming industry as a corrupting social influence, Mafiosi, or other disreputable characterizations.” In light of the fact that the reputation of Nevada's casino operators still suffered from the prior legacy of mob activity and was tainted by associations with

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<sup>1</sup> William R. Eadington “UNLV Gaming Podcast 33.” November 2, 2011. Accessed at: <http://gaming.unlv.edu/about/fellowship.html>

Teamsters Union financing, such paranoia was perhaps justified.

But even at its first convocation in June 1974, the conference helped bring something of a rapprochement between academia and the gaming industry. Representatives of the Harrah's organization, based in Reno, had been publicly critical of the idea that professors could say anything meaningful about their industry, which they believed they already operated with a fair degree of competence and scientific management. Shortly after those comments received local media attention, George Drews, then the controller of Harrah's, received a phone call from Bill Eadington at the University of Nevada Reno: Would Mr. Drews like to attend the conference and organize a session around Harrah's operations?<sup>2</sup>

Drews and his Harrah's management team put together a presentation that impressed the audience of several dozen academics, many of whom still viewed the casino industry with suspicions, as one if not run by organized crime, certainly as an organization of questionable repute. By the same token, those from the gaming industry were impressed with the various approaches to gambling that the scholars at the conference took.<sup>3</sup> Previously, much of the academic study of gambling came from either the field of criminology, which was chiefly concerned with illegal gambling, political corruption, and degenerate behaviors; or the mathematics of casino games, which was primarily focused on how to beat the house. Seeing that academics could approach gambling as an industry, not as a criminal conspiracy or a game to break, made people in the industry much more appreciative of the potential for collaboration and learning.

Two years after the conference at the Sahara, a selection of papers presented at the meeting were published as *Gambling and Society: Interdisciplinary Studies on the Subject of Gambling*. Included in this collection was a very insightful paper authored by George Drews of Harrah's, outlining their management strategy and the kind of management science they had developed by the 1970s.<sup>4</sup> A sampling of the other chapters in the book<sup>5</sup> provides insight into the breadth of that first conference:

- "Gambling: Historical Highlights and Trends and Their Implications for Contemporary Society," by Darrel W. Bolen, M.D., a UCLA psychiatrist

- "Sports, Technology, and Gambling," by Richard Schuetz, today a member of the California Gambling Control Commission and at the time, a member of the Department of Economics at the University of Utah

- "The Economics of Gambling," by George Ignatin (Professor of Economics, University of Alabama) and Robert F. Smith (Professor of Economics, Louisiana State University)

- "The Market for Pro Football Betting," by Michael E. Canes, Professor of Management at the University of Rochester

- "How Gambling Saved Me from a Misspent Sabbatical," by Igor Kusyszyn, Professor of Psychology, York University

- "Searching for the Motivations in Risk-Taking and Gambling," by Eric S. Knowles,

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<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> "The Business of Gaming" An Insider's View," by J. George Drews, *Gambling and Society: Interdisciplinary Studies on the Subject of Gambling*, Springfield, Illinois: Charles C. Thomas (1976), William R. Eadington (ed.), pp.

<sup>5</sup> William R. Eadington, ed. *Gambling and Society: Interdisciplinary Studies on the Subject of Gambling*. Springfield, Illinois: Charles C. Thomas, 1976

Professor of Psychology, University of Wisconsin

- “Optimum Strategy in Blackjack—A New Analysis,” by Edward Gordon, Department of Economics, Claremont Graduate School

- “Probabilities and Strategies for the Game of Faro,” by Edward O. Thorp, author of *Beat the Dealer: A Winning Strategy for the Game of Twenty-One*

The success of the first conference and the enthusiasm of many of the participants led to the planning and scheduling of a second conference, held at Harrah’s Lake Tahoe the following year, in June 1975. As with most good academic inquiry, there were further questions to be explored, more researchers to be cultivated, and professional papers to be fleshed out, presented, criticized, and reviewed. The Second Conference indeed broadened participation among the delegates, attracted some international scholars (mainly from Canada), and again brought together people from inherently diverse backgrounds, such as the casino and lottery industries, academe, regulatory bodies, professional gamblers, and addiction experts. An increasingly apparent value of such a conference was to hear ideas about a subject of common interest - gambling - but dealing with considerations that seldom entered one’s day-to-day considerations.

The Third National Conference was scheduled about 18 months later, in December 1976, at Caesars Palace in Las Vegas. Many of the same researchers showed up, and the number of papers and participants increased accordingly. Among the mainstream researchers who became important contributors to this and the entire series of Conferences included Peter Griffin, John Gwynn, George Ignatin, Robert Custer, Julian Taber, Ron Sheppard, and Richard Rosenthal, among others. Also, this Conference coincided with the campaign to authorize casinos in Atlantic City, New Jersey, so there was increased interest from criminologists, social scientists, and casino proponents and opponents from the East Coast in this particular conference.

It was becoming apparent that the annual pace of the Conferences was becoming more of a burden on the small pool of serious gambling researchers with respect to their ability to produce important and meaningful research for each Conference. This led to a two year lag before the Fourth Conference in Reno, Nevada in December 1978, followed by a three year lag until the Fifth Conference at South Lake Tahoe, Nevada, in October 1981. Subsequent conferences generally followed a three year lag, which seemed a reasonable time in light of the organizational challenges of coordinating the Conferences by the University of Nevada, Reno, as well as the need for enough time to pass for substantial research to be generated, and for important events to occur with respect to gambling in an increasingly dynamic world. The locations and dates of the fourteen conferences and the impending fifteenth conference are summarized in Table 1.

Table 1

*SCHEDULE OF NATIONAL AND INTERNATIONAL CONFERENCES ON GAMBLING AND RISK TAKING, 1974 TO 2012*

CONFERENCE	LOCATION	DATES
First National Conference on Gambling and Risk Taking	Sahara Hotel and Casino, Las Vegas, Nevada	June, 1974
Second National Conference on Gambling and Risk Taking	Harrah's Lake Tahoe, Stateline, Nevada	June, 1975
Third National Conference on Gambling and Risk Taking	Caesars Palace, Las Vegas, Nevada	December, 1976
Fourth National Conference on Gambling and Risk Taking	MGM Grand Hotel and Casino, Reno, Nevada	December, 1978
Fifth National Conference on Gambling and Risk Taking	Caesars Tahoe Hotel and Casino, Stateline, Nevada	October, 1981
Sixth National Conference on Gambling and Risk Taking	Bally's Hotel and Casino, Atlantic City, New Jersey	December, 1984
Seventh International Conference on Gambling and Risk Taking	MGM Hotel and Casino, Reno, Nevada	August, 1987
Eighth International Conference on Gambling and Risk Taking	Royal Garden Hotel, London, England	August, 1990
Ninth International Conference on Gambling and Risk Taking	MGM Grand Hotel and Casino, Las Vegas, Nevada	June, 1994
Tenth International Conference on Gambling and Risk Taking	The Queen Elizabeth Hotel, Montreal, Quebec, Canada	May, 1997
Eleventh International Conference on Gambling and Risk Taking	MGM Grand Hotel and Casino, Las Vegas, Nevada	June, 2000
Twelfth International Conference on Gambling and Risk Taking	Fairmont Waterfront Hotel, Vancouver, British Columbia, Canada	May, 2003
Thirteenth International Conference on Gambling and Risk Taking	Harrah's Tahoe Hotel and Casino, Stateline, Nevada	May, 2006
Fourteenth International Conference on Gambling and Risk Taking	Harrah's Tahoe Hotel and Casino, Stateline, Nevada	May, 2009
Fifteenth International Conference on Gambling and Risk Taking*	Caesars Palace Hotel and Casino, Las Vegas, Nevada	May 2013

\* Co-sponsored by the Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno, and the International Gaming Institute, University of Nevada Las Vegas

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As academic conferences go, each one added to the broad knowledge and insights in a variety of disciplines regarding gambling. However, a few highlights over the years are worth noting. For example, the most important developments of the Fourth Conference (1981) included contributions to the mathematics of the game of blackjack and empirical analysis for strategic approaches to developing winning gambling system, and to studies regarding problem and pathological gambling. Again, criticisms from the Nevada gaming industry were voiced with the following sentiment: "Why should the State of Nevada (through its university) be inviting people to come into our State and criticize our major industry, or otherwise put it in a bad light?" The split between Town and Gown was not yet over.

The Fourth Conference also produced a sea-change in both the composition of attendance and dynamic of the series. For the first time, there was a significant European

contingent in attendance, with the greatest representation coming from the United Kingdom. Events of the prior decade had led to substantial expansion and then turmoil within the U.K. casino industry, particularly related to the loss of gaming licenses for such marquis companies as Playboy and Ladbrokes. The eccentric British Gaming Act 1968 had authorized casinos, but licensees were not allowed to stimulate demand for gambling in any manner. Furthermore, the law was written in such a manner that a gaming license was a privilege, not a right, and that the privilege could be removed via a demonstration that the licensee was not a “fit and proper person” to hold a gaming license. To further complicate matters, there was no structure for due process or appeals, and the decision of the Gaming Board would be considered final. Also, there were no intermediate penalties short of license removal. Thus British casinos were confronted with the “death penalty” (loss of a gaming license) even for apparently minor violations in the Gaming Act. This certainly increased the willingness of surviving licensees to abide by the letter and spirit of the law. At the same time, it also increased the industry’s interest in the future role serious academic research might play in shaping public policy and public opinion about legal gaming. Along with a cohort of interested academics, the British made their presence known at that conference.

Another dimension that emerged at the Fourth Conference was the analytical and political dimensions of card counting at blackjack. Since Atlantic City opened its casinos in May 1978, the highly regulated New Jersey environment created substantial exploitable opportunities for skilled card counters. Casinos were greatly constrained in the rules and procedures of the game to the point that skilled card counters could generate a long term positive return at the game and, in effect, they become revenue sharers with the casinos on blackjack play. Thus, at least in theory, professional card counters were threatening the profitability of the Atlantic City gaming industry or, alternatively, the survivability of blackjack as it was being offered.

A series of Executive Orders from the Governor was followed by bans against card counters in the casinos, lawsuits in New Jersey courts, and ultimately to a State Supreme Court decision that determined card counters could not be banned solely because they were skillful at the game. After that decision, New Jersey regulators relented, and provided enough flexibility in the blackjack rules for operators that card counter advantages could be largely mitigated.

It was in this setting that the Fourth Conference took place. Besides the top researchers, authors and popularizers of blackjack in the world, including Peter Griffin, Edward O. Thorp, Stanford Wong, John Gwynn, Ken Uston, and Arnold Snyder, perhaps 100 professional blackjack players – many from Atlantic City – attended the conference, looking for blood.<sup>6</sup> One session in particular, entitled “Atlantic City and the Card Counter Controversy” provided a fascinating forum for discussion of the

substantive legal and regulatory issues that had emerged in the prior three years. Also, casino managers at South Lake Tahoe, who had not been forewarned about the impending presence of such formidable professionals at blackjack, were caught by surprise, much to their chagrin.

The Sixth National Conference (1984) was held at Bally’s Park Place in Atlantic City, New Jersey. The conference was co-sponsored by the Bureau of Business and Economic Research of the University of Nevada Reno and the American Studies Program of Pennsylvania State University. As the first Conference held outside of Nevada, there was a concern that the attendance and attention the Conference would receive would be disappointing. Nonetheless, more than two hundred researchers, industry representatives,

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<sup>6</sup> <http://www.blackjackinformer.com/blackjack/players/ken-uston/>

regulators, financial analysts, and gamblers from throughout North America and Europe attended the Conference, which ran for four days and featured nearly forty sessions on a variety of topics.

The general breakdown of research areas at the Conferences was becoming more systematic: mathematical and empirical analysis of different gambling games and wagering situations; the role of marketing and management in the casino industry; the process of legalization of gaming; the purpose and efficacy of regulation of gaming industries; the evaluation of pathological gambling treatment programs; and the spread of legalized gambling in the United States and throughout the world.<sup>7</sup> Other topics, such as the history of gambling in different parts of the world, gambling in the arts and literature, and links between gambling and financial markets also made their way onto conference programs. This was also the beginning of the period where major government-sponsored studies of gambling which were typically aimed at assessing gambling's social and economic impacts were being undertaken in various parts of the world.

The increasingly global focus of the series was formally recognized in an important change in the Conference title: starting with the seventh conference in 1987, the series became known as the International Conference on Gambling and Risk Taking. In keeping with its new title, the event's co-sponsors included the London-based Society for the Study of Gambling and Australia's National Association for Gambling Studies. The conference was also the first in which Judy Cornelius played a key role as Assistant Conference Coordinator, general organizer, and troubleshooter. Cornelius, who became the Associate Director of the Institute for the Study of Gambling and Commercial Gaming at UNR from its inception in 1989 until 2011, served as the logistical coordinator for the next seven International Conferences as well, until her retirement from the University of Nevada, Reno.

By this point in time, the spread of legal commercial gaming, especially casino gaming, was being taken far more seriously as a policy option in various legislative chambers throughout the world. It was not yet obvious that the legalization of casinos was about to explode in the United States and elsewhere, but one could see signs that things were about to change. The gambling world had moved relatively slowly for the past couple of decades up to this point. On the international scene, the Netherlands had legalized government-owned casinos under the monopoly company Holland Casinos in 1972, primarily to combat illegal casinos in that country. Over time, government's focus shifted more toward using the casinos as catalysts for tourism, and to provide entertainment options for the Dutch. Charity casinos had been established in various western Canadian provinces from the 1970s onward, but it was not yet obvious that the provinces themselves would soon want to get directly into the action. Soon, the rather down-market charity casinos would be replaced with provincially owned facilities that offered much more extensive casino gaming. Australia had been authorizing rural and relatively remote monopoly casinos since the early 1970s, but by the mid-1980s, attention for new casino complexes shifted to urban centers, such as Perth and Adelaide.

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Substantial changes in the U.S. really began in 1988. That year, the Indian Gaming Regulatory Act passed the U.S. Congress and by 1990 the first tribal compacts were either being negotiated or hammered out through federal court decisions, with each state taking a somewhat different tack. Mining town casinos had been authorized by the voters of South Dakota in November, 1988, and the Iowa legislature approved riverboat casinos for that state’s waterways in early 1989. The seeds for dramatic expansion of casinos in the United States had thus been planted, with spores spreading to other countries as well.

The Eighth International Conference (1990) was held in London, England, and this considerably broadened both the conference’s visibility and the scope of legal, cultural, and research issues addressed. As in the United States, there was a small but growing cohort of interested and skilled gambling researchers in the U.K., many of them university based, but an increasing number coming out of industry or from consulting firms. In a similar vein, researchers from other European countries emerged and participated in the London conference, and the papers and presentations demonstrated both the similarities and differences from jurisdiction to jurisdiction, and country to country, of policy challenges now under consideration in many parts of the world.

Around this time, Eadington and Cornelius undertook a serious effort to better document the research generated by the conferences.<sup>8</sup> Their belief was that many substantial gambling research studies were not working their way into mainstream academic journals, and those that did were scattered and often hard to find. By collecting such articles by theme and subject matter, such collections would be very useful in legitimizing the broad area of gambling related research.

Through the Institute for the Study of Gambling and Commercial Gaming at UNR, they set out to publish many of the better research papers in edited books from the Eighth International Conference onward. The result was a collection of hard-bound books that have proven useful to researchers and libraries throughout the world. This series continued through 2009, resulting in a total of nine major edited collections.<sup>9</sup>

By the turn of the Millennium, much had changed with respect to the legal status of gambling, especially casinos, in many part of the world. The prior decade had seen the explosion of legalization of casinos in a dozen U.S. states, the establishment of

<sup>8</sup> Conference proceedings had been produced for the Fourth through Seventh conferences, in hard-bound volumes similar to how dissertations and masters theses are reproduced. However, these were limited in numbers and circulation. These proceedings can be found in the Special Collections libraries at the University of Nevada, Reno and the University of Nevada Las Vegas.

<sup>9</sup> Gambling and Public Policy: International Perspectives (1991); Gambling and Commercial Gaming: Essays in Business, Economics, Philosophy, and Science (1992); Gambling Behavior and Problem Gambling, (1993); Gambling: Public Policies and the Social Sciences (1997); The Business of Gaming: Economic and Management Issues. (1999). (All the above edited by Eadington and Cornelius). Finding the Edge: Mathematical Analysis of Casino Games. edited by Olaf Vancura, Eadington and Cornelius (2000); The Downside: Problem and Pathological Gambling (2002), edited by Jeffrey Marotta, Eadington and Cornelius; Optimal Play: Mathematical Studies of Games and Gambling (2007), edited by Stewart Ethier and Eadington; and Integrated Resort Casinos: Implications for Economic Growth and Social Impacts, edited by Eadington and Meighan Doyle (2009).

casinos on tribal lands throughout America, as well as government owned casinos in the Canadian provinces of Quebec, Ontario, Nova Scotia, Alberta, Saskatchewan, Manitoba, and British Columbia. Countries such as Finland, Switzerland, New Zealand, and South Africa, also got into the game. The number of gaming machines located outside of casinos in Australia had tripled over the decade (to 200,000 for a population of 20 million) and substantial political backlash against the widespread presence of casino-style gambling began with the idea of legalization of Internet gaming within their borders. The Las Vegas Strip had gone through a decade of unprecedented growth, with numerous mega-casino resort developments opening into a market with seemingly unlimited demand potential.

Because of the Great Recession of 2007-2009, and the substantial fall-out experienced by the university budgets within the State of Nevada (directly related to the adverse impacts of the Recession on the State's casino industry), a degree of retrenchment had to take place especially within the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada, Reno. With that backdrop, along with the increasing accomplishments of UNLV's International Gaming Institute in the past few years, it was decided that the best direction forward would be to consolidate the efforts of the two Institutes. As a result, an agreement to co-sponsor the 15th International Conference of Gambling and Risk Taking in 2013 was reached in the summer of 2011, with the understanding that further cooperation in other arenas would follow.

Given the continuing proliferation of gambling and commercial gaming globally, the time is right to establish the University of Nevada (at both campuses) as the intellectual and research center for gambling issues not only for the United States, but in a global context. Because State resources are likely to remain limited, consolidation is certainly the right direction at this time. The 15th International Conference on Gambling and Risk Taking will demonstrate just how well the two Institutes will be able to continue and expand upon the longstanding traditions that the prior conferences have established. These promise to be most exciting times for the future of the conferences, and for the continuing evolution of substantial research in the fields of gambling and commercial gaming.

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