MONDAY, DEC. 23, 2024 / Forget gobble gobble! More like gamble gamble!

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[BILLBOARD]

SEAN RAMESWARAM (host): Remember when sports betting WASN’T everywhere you looked in this country?

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SEAN: Back in the 90s Congress passed a pretty sweeping ban on sports betting across the United States.

SCORING OUT

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*CHARLES FAIN LEHMAN (editor, City Journal): This is a pretty universally popular law. It passes overwhelmingly. All the sports leagues speak out in favor of it. It's the law of the land between 1992 and 2018.*

SEAN: It wasn’t until 2018 that the Supreme Court stepped in and basically undid that law. Since then almost all of the states have gone ahead and legalized sports betting.

*CHARLES: The American Gaming Association estimates that last year Americans bet over $100 billion on sports. Something like 1 in 3 Americans now bets on sports.*

SEAN: It’s everywhere. It’s on your phone. It’s on TV.

CHARLES: ESPN, which is to say Disney, now runs its own sportsbook.

*HADY MAWAJDEH (as Mickey): Hoo! Hoo! Hoo!*

SEAN: Mickey Mouse is now a bookie.

CHARLES: That's completely correct.

*HADY MOUSE: Pay up or I’ll break your knees!*

SEAN: Charles here says legalization was a terrible mistake. He’s gonna tell us why on *Today, Explained*.

[THEME]

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*HADY MOUSE: Listen up! It's Today, Explained.*

SEAN: Charles Fain Lehman wrote a piece for the *Atlantic* this year titled “Legalizing Sports Gambling Was A Huge Mistake.” We got holidays coming up. There’s lotsa sports to watch. Felt like a good time to ask him why he wrote that.

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CHARLES: When you do the sort of cost benefit math, gambling looks like any other addictive substance, which is that most of the people who participate in it get some small sort of utilitarian hedonic benefit. They get some fun out of it. And then a smaller subset of those people will become seriously addicted and do serious harm to themselves, to others, and potentially ruin their lives.

*<*[*CLIP*](https://open.spotify.com/episode/0G5LVLzU4Dh9vcyWsMFuPY?si=edbea08686054b0a)*> Steven Delaney, “Fantasy or Reality? The G.P.P.” (an abbreviation for the Gambling Problem Podcast): You know, I'd stop for a week or a month or whatever it was, and then I'd realize I still have this credit card bill to pay. Or I can't believe what I did. I have to win this money back or I have to keep playing.*

CHARLES: Gambling addiction associated all sorts of terrible outcomes, including loss of your home, loss of family, loss of life through personal action. And so we've created this enormous concentrated social harm, and in return, we've gotten some kind of anemic tax revenue and a bunch of ads everywhere.

SEAN: <laughs>

CHARLES: Just doesn't seem like a worthwhile tradeoff to me.

SCORING OUT

SEAN: Wow it sounds like you really don't like it, though.

CHARLES: I don't! I don't!  
  
SEAN: <laughs>  
  
CHARLES: You know, I don't like it for the reasons that I'm skeptical of a lot of vice goods. And I think we tend to systematically underrate their harms, but the problems are the same in every case, which is that they concentrate in a small number of users who will do the overwhelming majority of the using and will experience the overwhelming majority of the harm. And everybody else is sort of benefiting off of their backs, which is an alarming arrangement to me.

SEAN: Do we actually have any receipts, Charles, of the widespread legalization of sports gambling increasing how many lives are ruined due to legal sports betting in this country?

CHARLES: Yeah, absolutely. You know, and I think at this point, many Americans know somebody who's been affected by this. Many Americans know people in the hall. I was at a wedding recently and a friend of mine from college told me about a friend of his back home in Erie, Pennsylvania. He works at the post office. Not, you know, a well-off guy who's $28,000 in the hole on sports betting. Just a tremendous problem. The interesting thing about gambling legalization, we have information on this, mostly from the U.K.’s experience. The U.K.’s experience is pretty grim. There's one estimate that says 8% of all completed suicides in the UK are attributable to sports gambling addiction.   
  
SEAN: Yikes.   
  
CHARLES: That's not great. But the thing about the U.S. context is to, sort of, try to simplify it, because gambling was legalized. In different states at different times. Economists can use fairly. Specific set of methods to isolate the causal effect of sports gambling, not just sort of the correlates to sports gambling, really what sports gambling causes on a number of different outcomes. One of the studies that I point to from economists at Northwestern University estimates that for every dollar spent on sports gambling, households put $2 less into investment accounts.   
  
SEAN: Huh.   
  
CHARLES: There are big increases in the risk of overdraft in your bank account or maxing out a credit card. There's another paper from economists at UCLA and USC looking specifically at online sports gambling. They find that legalization increases the risk of bankruptcy by 25 to 30%.   
  
SEAN: Wow!

CHARLES: This is a big relative risk increase against a small baseline, but still. And the other thing that really sticks out in those studies is that the harms tend to concentrate among the most economically precarious, right? The, the people with a history of overdraft end up overdraft and more. There is sort of ecological evidence that the harms tend to concentrate in the areas of highest levels of poverty, that they also tend to concentrate among young men who are already at risk for all sorts of, frankly, not great financial decision making. And so it seems like it's not just that, you know, gambling harm befalls some people, it's that gambling harm befalls often the people who can least afford to have it come down on them.

SEAN: Hm.

CHARLES: Like the guy I was talking about earlier, who is, you know, nearly 30 grand in the hole working at the post office.

SEAN: Do we know how much money on average people are losing versus say they're winning?

CHARLES: Yeah, absolutely. So there's another study from folks at Southern Methodist University where they have a panel of 700,000 sports bettors and they show a couple of really interesting things. So only about 5% of people in the panel withdrew more from the apps than they deposited. So 95% of people are losing money.

SEAN: Wow.

CHARLES: That's actually not the interesting thing.

SEAN: Huh!

CHARLES: The really interesting thing is that about 3% in their estimate, about 3% of bettors drive 50% of sports gambling profits.

SEAN: Hm.

CHARLES: And this just to go back to the conversation earlier, is what you see in. All markets in addictive goods. They follow what's sometimes called a pareto distribution or power law distribution. 5 to 10% of the people who are doing the consuming will do 80 to 90% of the consuming. And that's pretty clearly true here as well.

SEAN: How much does the amount people are losing, the amount people are betting, the amount people are gambling all together have to do with how much gambling has changed with the little devices that we keep in our pockets?

CHARLES: It's a big part of the story in more ways than one. You know, one component of it is it's just much more readily available, which is to say, if I have to go to a casino to gamble, I may not want to take the time out of my day. I may not make the effort at the margin, I may not get drawn in. And so over the long run, you generate fewer people who are addicted because they never get exposed in the first place. This is the virtue of keeping gambling in Las Vegas is, you have to go to Vegas to do it.

*<CLIP> The Hangover*

*Sid Garner: Remember, what happens in Vegas stays in Vegas.*

*Doug: Aaaahhhh! (laugh)*

CHARLES: But then I think to my mind, the much more alarming thing is that app based gaming facilitates algorithmic discrimination on the part of the sportsbook provider. They can tell– it's actually trivial to tell with modern methods who the people are who are going to spend the most. They know when you check your bets in the middle of the night.  
  
SEAN: Mmm.  
  
CHARLES: They know when you are watching the game, they know what you are doing and how much you are betting. And then what they can do is algorithmically reinforce that. They can make you offers: they can assign you a personal concierge who encourages you to bet more. This is actually what they do it casinos in Vegas if you are whale, a big spender, they, you know, you'll get all sorts of good stuff comped. But instead of that happening in sort of a dingy hotel or even in a glamorous hotel, that's happening on your phone all day, every day until they get all of your money.

SEAN: It's quite clear from speaking with you, Charles, that there's a lot of harm being introduced to this entire country. But certainly states across the country from legal sports betting and it's especially hitting young men. But it was legalized with the promise that it was going to bring a lot of benefits to the states that approved it. You seem to believe that isn't paying off.

CHARLES: Yeah. And, you know, I think that there were a few arguments here.

SCORING IN <A Spiral Staircase (hip hop, beat, drums, forward momentum)>

CHARLES: One is tax revenue, and that's a big selling point.  
  
SEAN: Yeah!  
  
CHARLES: And the reality is that the tax revenue has been pretty anemic. If you look at the census figures from Q tax, say you look at the 38 legal states in their most recent count, together gambling is generating about half-a-billion a quarter, which is not nothing but is a drop in the bucket compared to not just most state revenue needs, but also substantially less than you get from alcohol, tobacco or. Marijuana, which is legal in fewer states. So it's not even a particularly revenue generating sin tax.

SCORING BUMP

CHARLES: Another argument is that you would reduce the reach of the offshore gambling sites. That doesn't really appear to be happening.   
  
SEAN: Huh.   
  
CHARLES: There's a survey, I think, out of Massachusetts where they found that bettors were just as likely to use unauthorized betting sites after legalization. But it makes sense if you're an active sports bettor, you're betting on multiple sportsbooks, you're trying to get as much action as possible. And so the offshore sites are just complements. They aren't substitutes.

SCORING BUMP

CHARLES: And then the third argument is one that I think we should take seriously, which is like the hedonic benefits and the sort of individual liberty benefits. But as I talked about earlier, you know, A: we didn’t live in a terrible dictatorship in 2017. If you and I made a bet together, neither of us was at any risk of going to jail, right. That was, it was not illegal for us to make up an interpersonal bet. The thing that was illegal was for big businesses and states to get involved in the action. And, you know, I'm just not that upset about restricting the liberty of like the state of Georgia or Fluttershy to get involved in your and my bets. So I, you know, that argument doesn't hold a lot of water with me either.

SCORING BUMP

SEAN: Charles Fain Lehman. He mostly writes about drugs, but makes exceptions for gambling. He’s a fellow at the Manhattan Institute and a contributing editor at Citi Journal. Citi dash Journal dot org.

All the sports betting isn’t just changing the experience for fans. It’s changing the experience for athletes, too. We’re gonna hear from a pretty good one when we’re back on *Today, Explained*.

[BREAK]

[BUMPER]

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*HADY MOUSE: Today, Explained is back. And I'll be back, too! For my money!*

SEAN: Danny Green didn’t just win one NBA championship. He won three. With three different teams, including my Toronto Raptors, for which I had to thank him.

DANNY GREEN (FORMER NBA PLAYER, PODCASTER): No thanks necessary.

SEAN: [laughs]

DANNY: It was my pleasure.

SEAN: All that winning served as inspiration when it came time to name his son:

DANNY: His name is Win.

SEAN: Win?!

DANNY: Yeah.

SEAN: Like W.I.N.?

DANNY: Yes. Like I. When you lose. So yea, he's part of the brand. It’s on brand and he was a celebration himself, because we weren't sure if we were able to have him naturally. And he did happen naturally. So he was a win.

SEAN: Danny’s got time to spend with Win and talk to us because he just retired from professional basketball. But he played in the NBA for 15 years and witnessed the boom in sports betting first hand from the court. It was a far cry from what he saw when he started out as a college player almost 20 years ago.

DANNY: Very illegal. Everything was illegal. There was no NIL, it was none of that. Everything was illegal.

SEAN: But by the time Danny’s ready to retire from the NBA, he’s not just getting yelled at by an opposing player or his coach. There are fans who are mad about their “parlay” getting messed up.   
  
DANNY: So you messing up someone's parlay or messing up someone's gambling bet on you is that they took you for usually over a certain amount of points, rebounds or assists or all the above together. And it's like, all right, sometimes a parlay, maybe Boston is going to win by a plus six and a half or and then so-and-so's gonna lose by a, you know, minus four and a half. And then this player is going to get over ten rebounds. This play is going to get almost six assists this person to get over two and a half, three pointers made. That's usually I'm one of those guys, at least one and a half three pointers made and like if you win or you get hit and all these people that you gamble on risk like is a big payout and they might get nine out of the ten. And if you're the one out of the ten that doesn't get that, that one and a half threes or two and a half threes for them, they're going to cuss you out. And you know, because they were this short of turning $5 into $25,000, you know, I'm saying so…

SEAN: Right.

DANNY: That's ultimately what a parlay is.

SEAN: So tell me when you're, when you're playing towards the end of your career and, and and sports betting has become a daily part of the conversation. When you think back to those days, which aren't that long ago, did you ever get the impression – on the court – that someone was mad at you for a given play or for some–

DANNY: Yes, 100%. Like if you scored the end of the game, you might mess up the spread. You turn the ball over or whatever it is. Or if you lose a game that you was favored in. We are more aware of it and it is brought to our attention. Do we care? No.

*<CLIP> ESPN BET, Stephan A. Smith: Well, my initial reaction to be honest is… Damn. DAMN! DAMN!!!!*

SEAN: So, players aren't scared of that. They're not worried about fans and their various bets.

DANNY: No, it's a risk because it's called ‘gamble’ for a reason. You're risking if you want to risk your house or your life or your life savings on something– Obviously our job is to play basketball as a physical performing type of game. And as much as we want to play well, we can't control every night that we're going to play great. It's a very unpredictable – and most sports are – very unpredictable in terms of who's going to win the outcome, who's going to get hurt, who's not, or how well you're going to play. How are you going to feel when you're in that or how the coach is going to play you or how the team's going to guard you. A lot of those things are out of your control. If you go out every night trying to do our best, of course we try to win. Nobody tries to perform terrible, unless you're betting unders on yourself and you're trying to win some money.

SEAN: <laughs> Which is illegal, apparently.

DANNY: Yes, very illegal. So none of us are going out there trying to get the unders or trying to play bad. We want to win. We want to play well, ultimately, because I was playing well gets us the contract we want.

<CLIP> *ESPN, Reporter: Danny Green committing to the Lakers on a two-year deal. He’s a career 40%...*

DANNY: We get more money, we get more looks. We get to stay in this profession longer. We get a chance to do what we love and play more minutes. So nobody wants to play bad. Nobody wants to do under what they're expected.

SEAN: You know, players like Kevin Durant and Kyrie Irving have complained about the harassment and said, you know, it's distracting from their game.

*<CLIP> oddschecker US, Kyrie Irving: Gambling and sports betting has completely taken the Purity away from, and the fun away from the game at times let me just be honest with y'all. So …*

DANNY: I could imagine on that level, I mean, they're superstars. So I'm sure it's a, you know, I was a role player, so and I got it. So I can imagine on superstar level …  
  
SEAN: Mmm.

DANNY: How much DMs are flooded. I mean, give and take– it’s advantages/disadvantages. I’m sure they get a lot of opportunities for sponsorships, money and people will want to have access to them that they would love to meet or they look up to or you know, want I hang out with or kick it with or do business with. And the flipside of it is people flooded DMS with B.S. too. So like it's a give and take. It's a gift and a curse …   
  
SEAN: Yeah.   
  
DANNY: … on both sides of it.

SEAN: Did the opposite ever happen? Did it ever feel good to get off the court and hear from someone that you made them like $10,000 or something like that?

DANNY: Yeah. I mean, sometimes it's cool not that you're going to get a cut, but it's like, ‘That's cool, man. I'm glad I did …’ You know, I used to bet all the time and I lost a lot of money too, trust me, if I played better, I would have made more money.   
  
SEAN: Yeah.   
  
DANNY: And it's like, you know, But when you make the money, you're going, give me the money. So why, You know, there was one time Floyd won big money. We beat the Lakers. He gambled on us beating them. I was in San Antonio and I hit a big shot.

SEAN: Undefeated boxer Floyd Mayweather!

DANNY: Yeah. And people like, he and then you know absolutely why would he here he says money. He risked it but now he's sent me a little you know money team bag like gift merchandise like that small thing we connected was cool to people, but I ain't going to see the money. So as great as it feels now, like I'm getting it, so really share that with you. It's like, ‘Oh, that's cool, but I really don't care.’ But I'm happy for you. Happy you won money on my behalf.

SEAN: You know, you've talked about how the athletes aren't betting themselves and, you know, they don't have money riding on the games. But of course, earlier this year we saw former-now Toronto Raptors player Jontay Porter got, got kicked out of league for betting.

*<CLIP> ESPN, Anchor: Toronto Raptors forward. Jonty Porter has been banned from the NBA for life.*

*<CLIP> Stephen A. Smith Show, Stephen A. Smith: The NBA says Porter committed several serious violations that include betting on games, providing confidential information to bettors and, worse, limiting his own participation in games.*

*<CLIP> NBA, Adam Silver: It's a cardinal sin, you know that what he's accused of in the NBA and the ultimate extreme option I have is, you know, to ban him from the game. There's nothing more serious.*

SEAN: What did you think when you saw what happened to Jontay? What did you make of that?

DANNY: I mean, they had to make an example of something, so rightfully so. I mean, like, what do we do? Like, come on. Like I said, if you're going to bury yourself, at least get the overs and try to make it happen.   
  
SEAN: <laughs>

DANNY: But to get the unders and then hurt your own career, you know, be sick or get hurt mid-game and call out or purposely not take shots or try to miss shots. That's just that's, that's something I can't fathom. Like, I just don't understand– like in the realm of being a basketball player and competitor. I just can't understand why you would ever set yourself up for failure on both sides.   
  
SEAN: Mmm.  
  
DANNY: Like you're risking getting kicked out and you're risking not getting a contract or being picked up by another NBA team by playing bad and being hurt all the time. So like, it's a double negative. A double L in my, in my eyes. It was like, man, bad way to go out. But, you know. And he got punished, rightfully so. You know, and within good reason. And they had to make an example of somebody so that nobody else comes along and tries to do it again.

SEAN: Do you think there's any chance, instead of getting the periodic reminder that, you know, you're not allowed to do this, so another athlete’s getting banned from the league, Do you think there's a chance that. Gambling, sports betting becomes so pervasive and so detrimental to the game that actually we dial it back and say, you know what, we're not going to allow X kind of betting. We're not going to allow Y kind of betting to preserve the sanctity of the game. Or do you think the cat's out of the bag?

DANNY: Cat's out. It's never going back.

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DANNY: Too much money involved. It's always everything in business is money, right? When money is involved. And this is bringing so much money into the world, into the sports and every industry, I honestly think it'll go the other way where they'll start saying, we'll allow guys to bet on their respective sports. But all right, listen, you can't bet on your own sport. That's the ... But I'm sure they're guys going to be betting on other sports openly at some point. You know, we'll be NBA players bet on football, football, NBA, MLB, hockey, whatever it is. But once it's open, once it's hard to go backwards. You know, once you, you go you can be strict early and set the rules. And once you lighten up, you can't go back. I'm saying like, are we gonna go back to this?   
  
SEAN: Mmm

DANNY: It's like trying to tell NBA players, we're going to insist on the drug rule. We'll get the, you know, the marijuana drug rule again. And I'm like, what the, what the hell? You know? So I just don't see it happening.   
  
SEAN: <chortles>  
  
DANNY: Anything's possible…

<CLIP> ESPN, KEVIN GARNETT: ANYTHING IS POSSIBLE!!

DANNY: But I just don't see that happening.

SEAN: We asked Charles from earlier in the show the same question. You’ll recall he hates sports betting. We told him Danny said the genie’s not going back in the bottle and Charles had a counterargument.

SCORING OUT

CHARLES: I mean, look, we say that and my response to that is 1992. Is not a million years ago. Right. It's not a different universe. Joe Biden was an important political figure in 1992. He's an important political figure today.

SEAN: <chuckles>

CHARLES: I will make the argument for the virtues of prohibition.

SEAN: Hm.

CHARLES: And the argument for it is, in essence, that prohibition is big and dumb and it works. When you try to set up a regulatory system. You run into the risk of what's called regulatory capture or in less fancy terms – the entities that are being regulated will have a lot of incentive to spend as much money as possible influencing the regulators. Prohibition seemed to work pretty well, and it avoided precisely the problems that regulatory capture can bring up. That said, I think we could certainly do a heck of a lot better than we're doing right now. You could ban advertising. You could severely restrict the usage of or altogether ban app based betting. You could try to limit the ability of sportsbooks to discriminate against that 5% of players who are taking money out because that ends up being obviously unfair. You could put caps on how much they're allowed to solicit deposits or other targeting methods for sort of bringing in those addicted users. The thing is that I think all of those would make a difference and also because I think they'd make a difference. I suspect that the sports gambling corporations will fight them tooth and nail.

SEAN: Right.

CHARLES: And the current political track record is that they will win. You know, there's the sort of strong argument for the prohibitionist position is: Trying to reach a half measure may actually be harder than just going all the way. If you can convince people that sports legalization isn't worth it.   
  
SEAN: Mm.  
  
CHARLES: Whether or not convince people, I don't know. But I'm trying!

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SEAN: That was Charles. You know Charles.

Before that, Danny Green. Champ. He has a podcast. It’s called Inside The Green Room. Get it?   
  
This episode was produced by Hady Mawajdeh, edited by Matt Collette, fact checked by Laura Bullard, engineered by Patrick Boyd and Andrea Kristinsdottir.

I’m Sean Rameswaram. This is *Today, Explained*.

[10 SECONDS OF SILENCE]