

Gambling and Society: an Overview

BY D. NEIL SNARR

THE popularity of the New Hampshire sweepstakes and the recently approved New York lottery indicated that a new attitude toward gambling may again be emerging in the United States. Both states legalized these money raising devices in order to alleviate the tax burden and to pay for the ever-increasing costs of education. New Hampshire has been raising about \$2 million annually for the past three years and New York intends to procure nearly \$200 million annually for education's sake. In addition, nearly half of our states are contemplating similar moves and there has been talk of a national lottery.

Legalized gambling, particularly lotteries, has had a long and interesting history in the United States. One student of legalized gambling in the United States suggests that official attitudes toward lotteries have followed a somewhat consistent cycle of: 1) laissez faire; 2) legal sanction for some drawings with no restrictions on others; 3) outlawing of unauthorized lotteries; 4) and, complete prohibition.¹ Although this is not completely true, it does draw attention to the diverse attitudes that have been present in our society toward gambling, to say nothing of other societies throughout the world.

By 1775, all of the colonies had utilized lotteries to raise funds for various causes. There was little disapproval from the people and even the clergy utilized lotteries and received benefits

from them. The reverend Samuel Seabury (Episcopal) recorded in his diary,

The ticket No. 5866 in the Light House and Public Lottery of New York, drew my favor, by the blessing of Almighty God, 500 pounds sterling of which I received 425 pounds, there being a deduction of fifteen percent; for which I now record to my posterity my thanks and praise to Almighty God, the giver of all good gifts.²

The only group to consistently oppose lotteries was the Society of Friends, but their success was limited by the Crown and in later years by their minority status. During the colonial period, licensed lotteries were used for the following purposes: 58 for internal improvements, 39 for cities and counties, 27 for churches, 19 for relief of individuals, 13 for schools, 10 for use of colonial governments and 5 for industry. Unlicensed lotteries were also used, but their number is unknown.³

During the Revolutionary period lotteries were widely used, but after 1789 American lotteries experienced their greatest period of popularity. Between 1790 and 1860, twenty-four states backed lotteries for internal improvements. When lotteries were not used for other projects, churches and schools continued to find franchises readily available. From 1790 to the Civil War, forty-seven colleges, approximately three hundred lower schools and two hundred church groups were recipients of lottery profits.⁴ With the exception of the Quakers every major denomination and most of the minor groups took advantage of this source.

¹ John Samuel Ezel, *Fortune's Merry Wheels The Lottery in America* (Cambridge: Harvard University Press, 1960), p. 12.

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² *Ibid.*, p. 42.

³ *Ibid.*, p. 53.

⁴ *Ibid.*, p. 140.

The spirit of reform took shape in the early part of the 19th century and the fight to abolish legalized gambling continued for many decades. Although the success of the movement was significant, the Civil War and its aftermath ushered in another period that utilized lotteries for public and private benefit. This period was destined to be terminated in 1894 with the Federal Government intervening and closing the famous or infamous Louisiana lottery.

CURRENT GAMBLING IN AMERICA

Since 1894, lotteries *per se* have not, until recently, been legalized. Bingo and raffles, generally declared lotteries by state statutes and court decisions have been treated with tolerance and legalized. Other forms of gambling have also found legal sanction. Twenty-six states have paramutual betting which account for \$4 billion annual bet. In 1964 most of our states received revenue via gambling. The ten states with the most state-local tax revenue from gambling were as follows: New York (\$123 million—4.5% of total tax revenue), California (\$43 million—1.5%), Florida (\$32 million—4.5%), New Jersey (\$27 million—5.2%), Illinois (\$25 million—2.2%), Massachusetts \$15 million—2.4%), Maryland (\$15 million—3.2%), Nevada (\$14 million—19%), Michigan (\$12 million—1%) and Ohio (\$10 million—1%).⁵

Estes Kefauver accepted the estimate that Americans gambled between \$17 and 25 billion dollars in 1950. It is currently estimated that \$50 billion is gambled annually, most of it being illegal. Although this sort of estimation is open to much criticism and little verification there are some good reasons to accept them as intelligent and reasonable. In 1957 the Massachusetts Senate Committee to Investigate Organized Crime and Other Related Matters re-

ported, with statistical caution, the following.

It has estimated the volume of off-track horse betting at upwards of three-quarters of a billion dollars business. It believes one hundred million dollars conservative for the dog betting phase of the business. Expert opinion by informed racketeers places the volume of sports betting second only to the total off-track play. The Commission would show no surprise if this figure was placed around half a billion dollars. It is inconceivable that, with the numbers pools, the lotteries of all sorts, the coin machine racket, and all the others, the total annual take of organized illegal gambling does not equal or exceed two billion dollars . . .⁶

In more concrete terms the commission pointed out that the illegal gambling in Massachusetts,

equals or exceeds the total retail sales by stores which provide food, apparel and accessories, and furniture and home appliances. Put another way, the Commission is convinced that this unlawful take equals or exceeds total retail sales of dealers in automobiles and automotive equipment, general merchandise, apparel and accessories, and furniture and appliances; that it is about fifteen times the total of all retail sales of liquor stores.⁷

This does not, of course, include the amount of money that is legally bet in Massachusetts.

There is good reason to believe that a majority of Americans are sympathetic toward certain types of legalized gambling. National polls have indicated several times that more than 50% of American adults favor government lotteries. One Gallop survey indicated that about 50% of American adults gamble regularly. They gamble as follows: 24% bingo, lotteries, and raffles, 20% cards or dice. 17% sports or elections, 10% punchboard or slots, 7% numbers, 7% horse racing and 13-15% roulette, carni-

⁵ National Council of Churches of Christ, *Report on Legalized Gambling* (New York: The Council Press, 1966), p. 6.

⁶ Massachusetts Senate Commission, "Organized Crime and Organized Gambling," in Wm. Petersen (ed.) *Social Controversy* (Belmont, California: Wadsworth Publishing Co., 1964), p. 93.

⁷ *Ibid.*, p. 93.

val games, etc. It is also significant that the horse racing sweepstakes in New Hampshire was approved by a four to one public vote on two occasions and the New York lottery was passed by approximately a three to two vote.

Americans also go out of their way to gamble. There is no coincidence in the fact that the five hour flight to San Juan, Puerto Rico from New York has twenty-three flights daily and that gambling is generally open in Puerto Rico. Gambling junkets, package tours and charter flights to the Caribbean, London and Las Vegas or trips to "nowhere"—beyond the three mile coastal limit are quite regular. Fifty thousand people a month are hauled to Nevada via chartered airplanes and buses. Corporations reward their salesmen and agents with short vacations to gambling spas. One Lake Tahoe gambling club runs 125 busloads of customers from San Francisco a week.

Possibly the following observations on horseracing will better illustrate the changes that have taken place.

In years past, racing was a sport that belonged to kings, bums, bookies, touts, and others of deep and reckless imagination. Now the dominant figures are often businessmen and those who manage the affairs of racing are coming to seem like executives and trained professionals. And now racing has a mass following; its attendance in 1959 exceeded that of professional baseball by two million, automobile racing by five million, and college football by 14 million.⁸

GAMBLING OUTSIDE THE UNITED STATES

Although information on gambling is scant, the following will serve as a basis for comparing the American scene with that of other nations. In their attempt to push a national lottery Reps. Paul A. Fine (R.-N.Y.) and Pucinski (D-Ill.) reported that eighty-one nations in the world have national lotteries and the

United States could raise \$10 billion this way. Whether or not the latter is true is yet to be seen, but the previous statement is at least interesting for our purposes. From the beginning, however, it is evident that other nations do not have the same attitude toward such activities as we do. In Latin America, for instance, attitudes appear to be different: "The lottery is considered a national game run either by the state or under its direct control. The buyer of tickets in a federal or state lottery is not considered a gambler, but a person participating in a normal, honest game."⁹

Our outlook would undoubtedly be closer to that of England, but even here there is a significant difference. After following a pattern similar to that in the United States in relations to lotteries, though less restrictive, England passed the Betting and Lottery Act (1960). This act did two primary things: legalize off-track cash betting and make all gaming legal. The government tried to do this without increasing the betting or encouraging excess of either it or gaming. It is doubtful if either of these goals has been realized. Although no one knows just how much is laid out in a year their estimates run from \$2 billion to \$4 billion and on up.¹⁰ A New York committee sent to England to study their methods with an eye on legislation in New York observed that the British spend on gambling about 65% of what they spend on defense.¹¹ Interestingly enough that is very close to our figures if \$50 billion is accepted as the amount we spend on gambling.

Before World War II state lotteries, sports polls, racetrack betting, etc., functioned freely and legally in most European countries. The advent of Communism in Eastern Europe after the

⁹ Manuel Lopez-Rey, "Gambling in Latin American Countries," in *The Annals of the American Academy of Political and Social Science*, vol. 269, May, 1950, p. 136.

¹⁰ Anonymous, "In Britain, Gambling Is a Growing Industry," p. 77.

¹¹ *Ibid.*

⁸ John McDonald, "Sports of Kings, Bums, and Businessmen," in Robert D. Herman (ed.), *Gambling* (New York: Harper and Row, 1967), pp. 55-56.

war, however, resulted in the suppression and condemnation of all forms of gambling. By 1957 the trend was reversed and gambling was reintroduced on a grand scale. Even though there is still official condemnation of such practices in most of these countries, state lotteries, sports pools and numbers games are presently flourishing.¹²

Undoubtedly the most comprehensive study of gambling and its effects on society deals with soccer pools in Sweden.¹³ Without revealing the outcome of the study at this time it can be said that betting on the outcome of soccer matches has come to be an integral part of Swedish society. Legalization of the soccer pool in 1934 was due to two main reasons: (1) since this form of gambling was illegal it was controlled by the underworld, and (2) working hand in hand with the owners of counterpart establishments in England, the Swedish operators placed all their wagers on English soccer games.¹⁴ Because of the latter large sums of Swedish currency were smuggled into England no taxes were paid on the profits realized from this large scale business.

The 1934 law gave a group of representatives of Swedish sporting activities a monopoly to arrange and manage the soccer pool. The monopoly was granted with the strict guarantees that it would remain under direct government control and only for the benefit of the public. Although this is not the only form of betting available in Sweden, it is the most popular as is true of England, Germany, Denmark, Italy, Norway and Poland.¹⁵ The national lottery conducted by the government returns only a fraction of what is received by soccer pool. The monopoly was granted true of the on-track horse betting.

Tapping Service, Inc., the official title of the soccer pool, employs ten thousand five hundred agents throughout the country.

Operating agents are for the most part tobacco and newspaper dealers. They receive payments from bettors in exchange for wager coupons, and are authorized to distribute prizes to the winners. Bets are taken once a week. During the fall and spring, wagers are placed on Swedish soccer games. In the winter, when Sweden's weather does not permit such matches, bets are placed on the outcome of English games with the Swedish company. The annual betting season extends over forty weeks.¹⁶

Unlike most pools and lotteries, individual winnings are small. The prize money is divided equally among all who guess the same number of correct results, subsequently the earning depends upon the number of winners. On very rare occasions twelve correct guesses have paid \$50 thousand, on other occasions there may be hundreds of winners receiving a hundred dollars or less.

The Swedish lottery company can be described as an honest and stable organization, being free from scandal since its inception. Its stability is reflected in the low rate of turnover among its personnel; fourteen of the twenty-one district directors have held their position for twenty-five years.¹⁷ The company itself does not encourage publicity and is reluctant to do anything that would increase the interest in soccer pools.

Of the near one thousand men used in the sample which forms the basis of the study being cited, more than three quarters engaged in this form of gambling. Of these a majority were habitual bettors: 42 per cent wagered every week; another ten per cent once or twice a month. In terms of age of bettors there is little significance, the following proportion of gamblers found in each age category: 55 to 45 years, 49 per cent; 44 to 35 years, 50 per cent;

¹² Anonymous, "The Jackpot: Gambling in the Soviet Bloc," p. 69-70.

¹³ Tec, Nechama, *Gambling in Sweden* (Totowa, New Jersey: The Bedminster Press, 1964).

¹⁴ *Ibid.*, p. 3

¹⁵ *Ibid.*, p. 15.

¹⁶ *Ibid.*, p. 5.

¹⁷ *Ibid.*, p. 4.

34 to 25 years, 58 per cent; 24 to 18 years, 54 per cent.¹⁸

Stakes involved in weekly bets were modest. No one wagered as much as four dollars and the approximate average weekly stake was sixty cents. Although 75 per cent of the weekly bettors reported winnings, not all of them had actually profited.

THE EFFECTS OF GAMBLING ON SOCIETY

Just how a society is affected by the presence of gambling is difficult to say. It undoubtedly will vary from one society to another and within each society will depend upon a variety of other factors. Since the advent of Prohibition the American underworld has moved from the production of beverage alcohol to the realm of illegal drug traffic and gambling. The Mafia and/or the Cosa Nostra has been quite successful in this undertaking. This has led many critics of gambling to conclude that there is a necessary relationship between gambling and the underworld. Although this alliance has occurred on many occasions it is not a necessary one. Prior to its recent history gambling in America was often free from such corruption as it is in many European nations today. Sweden and England legalized gambling in order to rid themselves of this influence and although the outcome is uncertain in England, Sweden has apparently been successful.

One of the variables that must be taken into consideration when assessing the effect of gambling on society is the type of gambling permitted. Completely "open" gambling is rare and apparently inadvisable. Aside from England which has legalized many types of gambling, few Western countries legalize a wide variety of gambling forms. Lotteries are consistently viewed as the most feasible form of gambling and the easiest to control. A previously quoted student of Latin

America contends that corruption in American lotteries is a peculiarly American Phenomenon.

The belief that a state lottery has disrupting influence upon the citizenry is an erroneous one. Only private lottery, as in the United States during the nineteenth century, produces this effect. The fact is that in the United States, where no state lottery is allowed, gambling corruption is deeper and more widespread than in any Latin American country. This is due to a variety of factors, the most important of which is that in the United States the principle of free and individual enterprise has been applied to gambling.¹⁹

Another charge that has much foundation is that the presence of gambling corrupts the political system. Virgil W. Peterson of the Chicago Crime Commission states that,

The business of gambling has always been characterized by dishonesty. Gambling houses have flourished to the greatest extent in those localities in which the greatest amount of lawlessness and corruption has prevailed . . . Wherever gambling has prospered there has been a strong alliance between gamblers and politicians.²⁰

Where gambling is legal and kept under strict control there is obviously no necessary relationship between gambling and political corruption. Where it is illegal and the laws are not expected to be enforced there may also be little corruption. William F. Whyte points out very cogently that some law breaking is viewed with approval while other illegal behavior is deemed unacceptable. In his *Street Corner Society* he says that compared to gambling, "Cornerville people have quite a different attitude toward robbery and murder. They draw a sharp line between respectable and nonrespectable illegal activities. Gambling is respectable."²¹

¹⁹ Lopez-Rey, Manuel, "Gambling in Latin American Countries," p. 269.

²⁰ Virgil Peterson, *Gambling . . . Should It Be Legalized?* (Springfield, Illinois: Charles C. Thomas, Publishers, 1951), p. 8.

²¹ William F. Whyte, *Street Corner Society* (Chicago: University of Chicago Press, 1966), p. 140.

¹⁸ *Ibid.*, p. 18.

Although corruption of the political system is often a concomitant of gambling, it is not a necessary ingredient. A nation that gambles a great deal, but refuses to legalize and control this activity, is setting itself up for corruption—particularly when the profits are as great as they are in the United States.

The effects of gambling on English society are unclear at this time. Rev. Dr. Gordon El. Moody, General Secretary of the Churches' Commission on Gambling, London, indicates that both police and magistrates are satisfied with the situation. On the other hand, however, betting appears to be occupying more time, people, interest and cash than formerly. In terms of gaming, ". . . there are 'classes for learners,' and more people are being introduced to gaming, the promoters are gaining confidence and usually becoming rich and the general public is growing to accept forms of gambling the Act was never intended to permit."²² There is reason to believe that due to the profit in gaming and gambling in England it is being "pushed" and subsequently receiving more attention than it would if the profit were not a factor.

It is equally difficult to assess the impact of gambling on Eastern European nations. Although the gambling is tightly controlled by the state, some abuses have appeared. It is reported that there is a flourishing black market in winning tickets on the betting games which can be used as a cover for income acquired illegally. In Hungary, winning Lotto tickets worth 30-40,000 forint can be sold on the black market for an additional 6,000 forint.²³

The study of gambling in Sweden is by far the most complete and conclusive study of the effect of gambling on individuals and society. Its findings

appear to be valid, but one must be aware that this is only one study and is not a study of American society. One set of questions given to "habitual" gamblers and non-gamblers was designed to determine the effect of gambling on family life, work performance and participation in public and civic affairs.²⁴ A comparison of the two groups indicated that the family life was not disrupted by the habitual gambling of the male head. In terms of the performance of productive work the only significant difference concerned the greater amount of impetus for occupational advancement on the part of the gambler. Finally, the bettor's involvement and participation in public and civic affairs was not affected by his habitual betting as compared to the non-bettor.

Another central concern of the **Gambling in Sweden** study was the relationship of gambling to social class. It was found, as many have suspected, that class origin is negatively associated with habitual betting. Essentially this means, "(1) the higher and the more advantageous the social position, the less likelihood to gamble, (2) the lower and the less advantageous the social position, the greater the likelihood to gamble."²⁵ Pursuing this further it was hypothesized that gambling increases as access to conventional avenues for the fulfillment of mobility aspirations decreases and that the top echelon of the lower class contains the highest proportion of gamblers.²⁶ Both of these were substantiated.

THE SOCIAL FUNCTION OF GAMBLING

Sociologists have generally viewed the presence of gambling in society with little or no alarm. The above consideration of how gambling is concentrated in the upper echelons of the lower class due to the mobility aspira-

²² Gordon E. Moody, "Gambling and the General Welfare," unpublished paper presented at The National Consultation of Legalized Gambling sponsored by the National Council of Churches, November, 1964, p. 4.

²³ Anonymous, "The Jackpot: Gambling in the Soviet Bloc," p. 75.

²⁴ Tec. *Gambling in Sweden*, pp. 17-40.

²⁵ *Ibid.*, p. 50.

²⁶ *Ibid.*, p. 69.

tions of this group is a representative observation of sociological analysis. Rather than condemning the existence of gambling in society the sociologist views it as serving a very useful function for certain groups. The author of *Gambling in Sweden* classifies gambling therein as a safety-valve institution.²⁷ She clarifies this by saying:

By keeping alive hopes for social betterment, gambling alleviates some of the frustration derived from the obstacles which segments of the population encounter in seeking to fulfill their mobility aspiration. In other words, the hopes provided by gambling, although almost never realized, tend to make a deprivational situation less acute and less urgent, thereby contributing to the well-being of the bettors. This in turn has beneficial effects upon society. For, to the extent that socially-induced frustration can be regarded as potential sources of deviant or revolutionary behavior in that they might find expression as out-right attacks against the existing social order, relief of these frustrations is beneficial to the continuity of the social order. Thus, instead of turning against the original source of their deprivations and unfulfilled aspirations, bettors are relieved through gambling of some of the frustrations and, hence, are less likely to attack the existing class structure.²⁸

Gambling is viewed as serving a similar function for immigrant groups in the United States. Due to the limited avenues for upward mobility because of language and cultural traits, gambling provides an important road to movement up the social class ladder. As Daniel Bell points out one immigrant group after another has become involved in marginal business and crime for a time before legitimate and established channels were opened to them.

He points to the Jewish and Irish Americans as examples of new arrivals who dominated certain types of racketeering before moving into acceptable realms.²⁹ Italians have taken over many such rackets and are now deeply entrenched in gambling. One must not, however, overlook the fact that even the Mafia and Cosa Nostra are now finding their way into legitimate business.

Numerous sociologists feel that gambling is a logical and inevitable part of our social structure. Bell points out that gambling is based on the character of the American economy, American ethnic groups and American politics.³⁰ Another sociologist expresses the same sentiment in a similar manner:

Certain social and cultural systems seem to foster and exploit the chance element in human life, particularly those societies where status largely depends upon competitive pecuniary standards. This is notably true in the United States, where rapid commercial expansion and industrial development conspire to spur the individual to economic success through sharp competitive practice, and where industrial expansion has depended to a considerable degree upon precarious and speculative enterprise. In the United States, for example, the distinction between certain forms of approved and legitimate stock-market speculation and the cultivation of the gambling interest is largely a matter of degree, yet one is approved and the other condemned.³¹

Gambling is also viewed as a means of dealing with psychological stresses present in our industrial society. Block sees it as an escape from the routine and boredom characteristic of such a modern society.³² Goffman views it as

²⁹ Daniel Bell, "Crime as an American Way of Life," p. 99.

³⁰ *Ibid.*, p. 106.

³¹ Herbert A. Block, "The Sociology of Gambling," *American Journal of Sociology*, vol. 57, November, 1951, p. 216.

³² *Ibid.*, p. 217.

²⁷ *Ibid.*, p. 114.

²⁸ *Ibid.*, p. 113.

providing impulsive promiscuity, release from the social hierarchy and providing a holiday atmosphere.³³ It may also function for tension release or re-direction, minor symbolic breaks in the rigid framework of social controls and a help for individuals in restoring or achieving some subjectively tolerable equilibrium.³⁴ The same sociologist points out that the "...availability of a neatly separated 'scapegoat' upon which these aggressions (of the majority) are permissively unloaded may function to protect the dominant institutions from disturbing perceptions and potentially disruptive forces."³⁵

Although the positive functions seem to outweigh the negative or dysfunctional elements of gambling in our society, there is much that sociologists do not know about the functional needs of societies. Sociologists do, however, serve as an important corrective to views that see gambling as inherently destructive to persons and societies.

CONCLUSION:

Attitudes toward gambling in America, particularly lotteries, appear to be entering a new phase. This is not a completely new trend, but differs from expressed attitudes in our recent history. There is a tendency for a large group of Americans to view gambling as inherently evil and destructive of persons and societies. Evidence from our own history and the existence of

contemporary gambling in other Western nations leads us to conclude that gambling in many forms can be controlled and its negative influences curbed.

We cannot overlook some hard facts. Under the present conditions the underworld is greatly benefited and illegal gambling results in political corruption of different sorts. On the other hand, however, large groups of Americans, Catholics, lower-class citizens and many ethnic groups view their right to gamble in the same way they did drinking prior to the advent of Prohibition. Possibly half of our citizens gamble and more may wish to.

The most common fault of those who categorically oppose gambling is their inability to distinguish between types of gambling and their consequences. Some forms of gambling are more susceptible to corruption than others and the manner in which they are administered can either inhibit abuse or promote it. The way in which soccer pools are handled in Sweden and lotteries are conducted in other Western countries should shed some light on this.

The alternatives may be seen as three. We may try to repeal the existing laws that sanction certain types of gambling at certain places and under certain conditions. Or we might pursue a policy of containment, whereby we block any new efforts to legalize gambling. Or, nally, we could, as other Western nations have done, attempt to legalize the most innocuous forms of gambling and subsequently eliminate some of the abuses which are currently present. Regardless of the alternative we choose or refuse to choose it is evident that significant changes in gambling in America will be taking place.

³³ Quoted in *Report on Legalized Gambling*, p. 4.

³⁴ Paus S. Deveraux, "Gambling and the Social Structure: A Sociological Study of Lotteries and Horse Racing in Contemporary America," unpublished Ph.D. dissertation, Harvard University, 1950, p. 996.

³⁵ *Ibid.*, p. 994.

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