

Online gambling a bad bet for America, U. of I. expert says

May 1 2009, by Jan Dennis



John W. Kindt, a professor of business and legal policy, says supporters of a renewed push to lift the ban on online gambling are betting that it will pay off in easy new tax dollars, but the stakes are too high. Photo courtesy College of Business

(PhysOrg.com) -- Gambling addictions would soar and an already-sputtering economy could sink into ruin if Congress overturns a decades-old ban on Internet gambling, a University of Illinois professor and national gambling critic warns.

John W. Kindt says supporters of a renewed push to lift the ban, which started with Attorney General Robert F. Kennedy's wire act against organized crime, are betting that online gambling will pay off in easy

new tax dollars, but the stakes are too high.

“The revenue they would get is miniscule compared to the devastation it would bring to financial systems, stock markets, national security and people’s lives,” said Kindt, a professor of business and legal policy.

Rep. Barney Frank, a Massachusetts Democrat who chairs the House Financial Services Committee, plans to introduce legislation next week aimed at overturning the 2006 Unlawful Internet Gambling Enforcement Act, which strengthened the existing ban.

Frank also sought repeal but failed in 2007, just a year after the measure was approved with 80 percent, bipartisan support in Congress and signed into law by then-President Bush.

“It’s outrageous that he’s trying again,” said Kindt, who has studied gambling for more than two decades. “This law was the result of 10 years of congressional hearings, where expert after expert warned of the dangers of gambling on the Internet.”

Kindt, who testified in support of the law, says online gambling would inflame problems already linked to casinos. He says research shows bankruptcies increase 18 to 42 percent in areas with casinos, crime jumps 10 percent and rates for new addicted gamblers double.

“Online gambling is called the crack cocaine of creating new addicted gamblers,” he said. “It places gambling at every school desk, every work desk and in every living room. Does Barney Frank really want to entice people to click their mouse and lose their house?”

Kindt says online gambling also would create a potentially disastrous speculative bubble in U.S. financial markets similar to the dot-com bust a decade ago, spawning fast-growing companies with exaggerated

expectations that far outstrip real value.

Global markets already have seen the dire consequences, he said. A Gibraltar-based gaming company saw its London Stock Exchange value plunge from \$10 billion to \$2.4 billion in one day after the U.S. strengthened the ban on Internet gambling in 2006.

“This would set us up for something worse than the sub-prime mortgage disaster,” Kindt said. “These companies are predicated on speculation, and destabilize the financial system and stock markets worldwide.”

Instead of expanding gambling, Kindt advocates a national rollback, particularly on slot machines. He says a rollback would ease costs to taxpayers that amount to at least \$3 for every \$1 in benefits because of increased bankruptcies, crime and gambling addictions.

[Gambling](#) also siphons money away from the traditional consumer economy, where an economic “multiplier effect” triples the value of every dollar spent by creating jobs that supply goods and services, he said.

“All Congressman Frank wants is some new tax revenues, and he’s throwing the country under the bus to get them,” Kindt said.

Provided by University of Illinois at Urbana-Champaign ([news](#) : [web](#))

Citation: Online gambling a bad bet for America, U. of I. expert says (2009, May 1) retrieved 20 March 2024 from <https://phys.org/news/2009-05-online-gambling-bad-america-expert.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.