

The Pari-Mutuel Myth

by HARLAN TROTT

FOUND — somebody who beat the horses in 1937. It wasn't the man on the street, the bookmaker, the tipster or the horseman, but seventeen of the country's commonwealths, each of which reached into the pari mutuels or race track gate receipts for the greatest total "take" in many years.

This is the preface to an Associated Press report on legalized race-track betting in the United States. The statement is typical of our haphazard approach to the subject. It offers a fair example of the fallacies and half-truths that unwittingly evolve from the general trend of thinking in regard to race-track betting.

This press service's survey makes an important omission. It implies that the States were the only certain beneficiaries under the pari-mutuel system. This is misleading, because the State's percentage of the profits in most cases is about half what the promoter is entitled to deduct from the money played through the machines. Pari-mutuel betting is a partnership between the State and the race track in which the track management always receives the lion's share.

Proponents of the pari-mutuel system invariably defend it on the ground that it offers a valuable source of revenue to hard pressed State treasuries. Opponents base their opposition mainly on the moral and economic effects of commercialized gambling. Neither side has established a convincing case up to now. If pari-mutuel supporters lull us to sleep with sugar-coated pills, the opposition, on the other hand, attacks the system almost entirely with broad generalities. Nobody has shown the slightest inclination to argue the rights or wrongs of pari-mutuel gambling from a practical dollars-and-cents standpoint. In short, nobody has thoroughly examined the machine.

It is time we did so. Not that our findings could arrest the spread of State-supervised pari-mutuel betting. The system has nearly reached the geographical saturation point. Practically all the thickly tenemented indus-

trial areas in the United States have been tapped by the pari-mutuel machine. But better a belated glance than never any question at all about this device for pooling bets on a horse race and dividing the sum (minus the track's and State's shares of the amount wagered) among backers of the winning horses. Joseph Oller, the Frenchman, certainly started something with his pari-mutuel invention 50 years ago. Few big business enterprises today can match their annual gross incomes against the total cash turnover of \$284,017,996 gambled through the pari-mutuel machines in American race tracks last year.

The fact that unbridled race-track betting is conducted throughout the country with all the mechanized efficiency of a legitimate mass-productive enterprise does not mean that pari-mutuel gambling is good business. The fact that race-track promoters have geared our gambling mania to the pari-mutuel machine does not mean that gambling is good morals. Yet I do not entirely hold with those who oppose the pari-mutuels merely on the ground that they are wasteful poachers on the preserves of legitimate business. Neither should I combat them from the standpoint of morality alone.

Pari-mutuel players will tell you they gamble for the fun of it and that they write down their profits and losses as entertainment. It is futile to insist that pari-mutuel betting is a wasteful, nonproductive business as long as its public following considers it a legitimate form of amusement. Argued from this standpoint, pari-mutuel betting is no more wasteful than, say, the motion-picture business.

I believe we should be better off without race-track gambling, but we cannot get rid of it merely by saying *No*. Experience should have convinced us by this time that so long as we fail to provide a better standard of living for the masses, so long as we fail to substitute

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something better for the little they have, they will resort to such dubious diversions as gambling. Some call it blowing off steam — a phrase that ties in quite aptly with the system pari-mutuel backers describe as a harmless safety valve.

MAKING GAMBLING "SAFE"

WHILE I DO NOT feel that it is morally wrong for the individual to gamble, we as individuals should not fail to recognize our responsibilities as such to the community as a whole. When we introduce a middleman into the gambling transaction, when we license him to exploit the gambling habit on an unrestricted, commercialized scale, the cumulative impact of millions of individual wagers produces definite antisocial effects. Legalized gambling thus becomes a question of public morality.

Public opinion so far has failed to analyze the cumulative effects of commercialized gambling. And nowhere has this failure been more conspicuous than in the State legislatures.

In its decision revoking the charter of the Louisiana Lottery Company many years ago, the Supreme Court of the United States ruled:

No legislature can bargain away the public health or public morals. The people themselves cannot do it, much less their servants. Government is organized with a view to their preservation and cannot divest itself of the power to provide for them.

Legislators have not been totally unmindful of that responsibility. That is why, in practically every State where pari-mutuel betting has been legalized, legislatures have subjected permissive legislation to ratification by general referendum.

I have attended legislative hearings in States where pari-mutuel-betting bills were being debated. I have listened to turf promoters and reform groups, lobbyists and legislators. And I have never heard anybody explain or anybody asked to explain in logical detail the complete mathematical process of the pari-mutuel machine. I do not mean that legislators and reform groups in some seventeen States where pari-mutuel betting has been legalized did less than their utmost to learn all they could about the system. But apparently it has never occurred to anybody to take the machine apart and see what makes it tick.

It seemed that opponents of the pari-mutuels were concerned with the morals rather than the

mechanics of the system. This unquestioning attitude toward the practical side of the race-track-gambling drive was owing largely to the fact that the pari-mutuel system had been ballyhooed as mechanically accurate and mechanically fraud-proof. Spokesmen for the jockey clubs explained time and again how they had sent representatives abroad to see exactly how the machine worked at French and English tracks. They spoke in glowing terms of the protection it would afford the racegoing public against the wiles of the admittedly notorious bookmakers. You tossed your money into the machine. The State subtracted a modest fee, likewise the track management, and the rest came out here — right into the laps of the lucky players. It was as simple as that.

We failed to detect that the jockey clubs' enthusiasm for the pari-mutuel machine was inspired by their appreciation of what the machine would do for them rather than for the racegoers. They told us the pari-mutuel system was safe because the human element didn't enter into its lightning calculations. But it didn't occur to us that the human element designed it and, therefore, that it was designed to make gambling safe — for those who run the machines.

Some years ago when the pari-mutuel drive was just gathering headway, a well-to-do merchant appeared before his State legislature in opposition to a permissive betting bill. He was a member of an exclusive turf club but resigned when it actively backed the pari-mutuel measure. He spoke against the bill at legislative hearings, not as a disgruntled outcast of the sponsoring group but as a private citizen who believed that commercialized gambling would undermine racing, corrupt politics, injure business, and so, in the long run, prove generally harmful to the community.

I went out of my way to talk with him, not about the bill but about the people who were backing the bill — his people. He told me things about them — how in the old days wealthy turfmen used to sell the race-track-betting concessions to bookmakers and how, with the development of the pari-mutuel machine, they saw a way of usurping the bookmakers' business and promoting gambling for themselves. Although bookmakers usually made fortunes out of placing bets, there was an element of risk involved, and occasionally bookies

THE FORUM

went broke. The pari-mutuel machine removes the element of chance from the business of exploiting those who bet on the horses. The jockey clubs realized this from their study of pari-mutuel betting abroad.

This man who liked horse racing but disliked the gambling racket that attaches itself to the sport saw that the wealthy sportsmen who posed as public benefactors seeking to raise revenues for the State through enactment of pari-mutuel bills and to promote clean sport and improve the breeding of fine horses (there never was a law against clean sport or fine-horse breeding) were really out to establish a monopoly on race-track gambling in America. This man saw all that. But the legislators and the reform group didn't see.

Some of us suspected something like this. But we couldn't prove it, because we took the argumentative rather than the mathematical approach. We debated when we should have multiplied and subtracted. In short, we resorted to the sounding board instead of the blackboard.

I did not see the futility of this at the time. I felt that the opposition put up a pretty strong fight against the gambling lobby. I thought it was enough to cite the shady history of race-track gambling in America, to show what it was like when we tried and discarded it once before. But things were going to be different under pari-mutuel betting. The machine was supposed to change all that.

THE SOULLESS MACHINE

THERE IS a Chinese proverb to the effect that one picture is worth a thousand words. Something of that viewpoint may help us to improve our perspective in regard to State-supervised race-track betting. If seeing, rather than hearing is needed to wake us up, then the accompanying tabulation should enable us to grasp the mathematical machinations of the pari-mutuel machine.

The table of accounting is based on the fair assumption that the State's share in the process is five per cent of the gross play on the pari-mutuel machine and that the track takes ten per cent of the net amount; also that the pari-mutuel patrons come to the track with the total sum of \$1,000 to risk on an afternoon card of ten races. The crowd bets this amount on the first race. The losers, broke, withdraw for the

day. The winners stake all their winnings (minus the tax deductions) on the second race — and so on throughout the program of ten races. That parenthetical afterthought about the lawful deductions is the joker in pari-mutuel race-track betting. Here is what actually happens to the \$1,000:

Races	Investment	State (5% of gross)	Track (10% of net)	Balance (to winners)
First	\$1,000.00	\$50.00	\$95.00	\$855.00
Second	855.00	42.75	81.23	731.02
Third	731.02	36.55	69.45	625.02
Fourth	625.02	31.25	59.38	534.39
Fifth	534.39	26.72	50.77	456.90
Sixth	456.90	22.85	43.41	390.64
Seventh	390.64	19.53	37.11	334.00
Eighth	334.00	16.70	31.73	285.57
Ninth	285.57	14.28	27.13	244.16
Tenth	244.16	12.21	23.20	208.75
Totals		272.84	518.41	208.75

* Recapitulation

Public	\$208.75
State	272.84
Track	518.41
	<hr/>
	\$1,000.00

Pari-mutuel supporters may protest that this is an exaggerated example of the mathematics of betting. Actually the foregoing figures represent a calculated understatement of the cumulative effect of gambling by machinery. Promoters do not dabble in thousands. In one afternoon during the winter meeting at Santa Anita Park, the public bet \$1,000,000 on one race through the track's machines.

I admit that racegoers do not bet everything on every race as long as they continue to win. But most habitual racegoers undoubtedly bet all that they can afford — and too often much that they can ill afford — over the course of the average racing season. For what other reason do race-track promoters limit their race meetings to a carefully prescribed number of days? If horse racing is a healthy sport under the pari-mutuel system, why is it not carried on everywhere as long as weather conditions permit? There is only one answer. At the end of a race meeting lasting up to 60 days, a community can be milked practically dry of solvent bettors. The above balance sheet shows how and why.

This then is the scientifically safe system by which the pseudosollicitous jockey clubs of America were expected to protect the public

* Table checked by Certified Public Accountant.

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from the betting frauds of the old-time book-makers. The legislatures have empowered them to promote a public gambling monopoly, and they have used the pari-mutuel machine to exploit this special privilege on a prodigious scale. Far from safeguarding the people, its remorseless mechanism has only reduced their losses to a mathematical certainty.

LEARNING THE HARD WAY

THE LAUGH is on us. Yet the pari-mutuel promoters are not gloating today. They are too busy holding on to what they have. Pari-mutuel gambling is undergoing a heavy fire of public disapproval in several places. We are learning things about the system. But we are learning the hard way.

Texas dropped out of the parade last summer after an unpleasant three-year partnership with the pari-mutuels. The people of Texas rebelled against repeated exposures of crime and corruption, fraud and rumors of fraud that cropped out around the statehouse and the race tracks. Repeal of the Texas pari-mutuel-betting law was an encouraging step for antigambling interests everywhere. It did much to dispel the defeatist feeling based on the past experience that, once organized gambling gets in, it becomes financially too powerful to dislodge. Texas racegoers had become so jittery over recurrent disclosures of crooked racing and its seemingly inseparable relation to politics that pari-mutuel patronage gradually petered out. In the end, the Texas tracks had no money with which to fight off the repeal movement headed by Governor James V. Allred.

There are rumblings in Rhode Island, where racing has bogged down as the result of a political row between the Governor and the former kingpin of Narragansett Park, who perverted his newspaper, used a city police force as a

private army, selected candidates for public office, and openly boasted about the public officials he could buy.

Governor Quinn had to mobilize the militia to prevent the promoter from staging a fall meeting at Narragansett Park. After a bitter legal battle, Walter E. O'Hara was finally forced to relinquish his control of the track. Governor Quinn has hailed this step as a victory for clean racing in Rhode Island. But many who supported the Governor in his effort to oust the head of this politico-pari-mutuel monopoly will not be satisfied until they have destroyed the gambling system that gives an individual the power to perpetuate his political control. The appeal for clean racing is an anachronism which experience has clearly exposed.

There is a drive under way in the Rhode Island legislature for a referendum on the question of repealing the pari-mutuel law. Merchants, churchmen, labor leaders, and civic welfare groups testify in increasing numbers to the harmful effects of pari-mutuel betting on the social and economic well-being of the community. If the question of repeal is put up to the people at the next election, there is better than an even chance that Rhode Island will vote to give Narragansett Park back to the Narragansetts.

These are some of the results of our promiscuous partnership with the pari-mutuels, or what the dictionary defines simply as "a form of betting on horses in which those who bet on the winning horse share the total stakes, less a small per cent to the management." But our dictionary does not tell the half of it! Were it not for the crime and racketeering which race-track gambling inevitably breeds, this amazing machine for fooling all of the people all of the time would probably go on forever.



Next month:
"Graduates of Damnation,"
by Roy Best



Are Housewives Slaves?

A Debate

I — The Sisyphean Struggle

by SARA S. MOSER



NOT ONLY in some European countries but our own as well, much is being written and done to urge women to return to or stay in the home exclusively. It is pointed out that the woman who tries to manage both a home and an outside position frequently does a poor job of both. Therefore it is concluded that the only thing for her to do is give up the outside job and go back into the home. That always has been her place. Why should she try to grow beyond it? So we stumble along, women and men, trying to pour new wine into old bottles.

With an amazing lack of comprehension we fail to take into account the fact that women have made some gain beyond their collective sexual function — hence the necessity for a new home pattern as they emerge from their primitive level.

The days when practically all a woman's energy, both physical and psychical, was consumed in frequent childbearing are gone forever. She does not have to reproduce *ad nauseam*, as she once did through the combined efforts of nature and man. With good reason it has always been glibly pointed out that women are all alike and incapable of making cultural contributions. But originality and independence have no place among slaves, and women were long enslaved to a biological function.

In a physical sense woman has been freed from her sentence of slavery, but she has yet to establish herself as an individuated character, as one who is as free to develop in the varied ways man is. The main substance of her life has altered in degree, in the decrease in number of the children she must bear, but she is still held fast in the ancient pattern and forced largely into one mold regardless of ability, temperament, or education.

Every woman whose personality is evenly developed wants a husband, a home, and children, even as a man does. It is time we gave up the infantile attitude that a woman must choose between marriage and a career. While it is generally best that she devote the major portion of her time to her children when they are very young, there is no reason why she should surrender all personal proclivities either then or later. By the exercise of intelligence and foresight she can establish the proper balance in her life as an individual and a responsible member of the collective mass. But it is the obsolescence of the home pattern that makes this dual development difficult even when her children have reached a responsible age.

Women bind women to the traditional setup as much as men do. There are many of them