

Lecture Info: Beatty 218 | Tu/Th 12:15-1:30 | January 12 - April 25

Professor: Dr. Doug Walker | 427 Beatty | 953-8192 | <http://walkerd.people.cofc.edu>

Office Hours: By appointment, Tu/Th 11:00-12:00, 1:30-2:30; and W 12:30-1:30. Use Appointment Manager to schedule, at least 24 hrs. in advance.

Prerequisites: ECON 200 and 201, or permission of instructor.

Background: The modern era of gambling in the United States began with the legalization of the New Hampshire lottery in 1964. Now, all but five U.S. states operate lotteries. One source reports total U.S. lottery sales over \$100bn in 2021.

In 1989, South Dakota became the first state to legalize casinos (other than NV and NJ). The American Gaming Association reports that by the end of 2021, 350 commercial casinos, 66 riverboat casinos, and 515 tribal casinos operated in all but eight states. Commercial casino revenues topped \$53bn in 2021, and 2019 tribal casinos had around \$35bn revenue. These are amazing figures, given that gambling has gone from vice to an accepted form of entertainment in just 30 years.

More amazing is Macao, which represents the largest casino market in the world. In 2019, Macao casino revenue was US\$38bn, which dwarfed the Las Vegas Strip (\$6.6bn). However, Macao saw serious declines during COVID. Continued restrictions on Chinese travel have stifled Macao's recovery.

Not all markets in the United States are healthy either. In the northeast US, there is worry within the industry that the market is "saturated." For example, five of the twelve casinos in Atlantic City have closed since 2014. Since then, revenues have been rebounding, and were around \$3.3bn in 2019. However, this is lower than Atlantic City's best year, 2006, when it had revenue of \$5.2bn.

While expansion of the casino industry in the U.S. has slowed in recent years, other sectors have been expanding. Most notably, sports betting has become legal in many states, following a 2018 Supreme Court decision which paved the way for states' legalization. Online and mobile gambling also continue to expand as technology and regulations permit.

Course Description: In this course we will examine the gambling industry in the United States, especially the casino industry. We will begin by examining statistical theory of games of chance. Then we will study potential benefits of legalized gambling, including gambling as a tourism sector; employment, economic development, tax revenues, and consumer benefits; as well as the potential social costs of gambling, typically associated with pathological gambling. These effects include bankruptcy, crime, drunk driving, and a variety of other harmful behaviors.

Through lectures, readings, and a few movies and video clips, students will become familiar with most of the current political and economic aspects of the legalized gambling debate in the United States. Aside from the casino industry, we may examine lottery, online gambling and poker, sports betting, parimutuel betting, and video games.

Required Books: There are 3 required books; free PDF versions are available.

Casinonomics: The socioeconomic impacts of the casino industry, by Doug Walker.
© 2013, Springer. ISBN 978-1461471226. [\$25 paperback available]

Gambling in America: Costs and benefits, by Earl Grinols.
© 2004, Cambridge. ISBN 978-0521124171.

Casino Math, 2e, by Bob Hannum and Tony Cabot.
© 2005, Trace Publications. ISBN 0-942828-53-4.

Other Required Reading: A variety of other newspaper and journal articles will be required. These will be available in OAKS or on the course webpage. You are also required to sign up for "Focus Gaming News", which highlights news articles on U.S. gambling-related topics. Details on subscribing are provided below.

Course Outline: The topics covered in the course will roughly follow the *Casinonomics* book. Given enough time, we will cover these topics, not necessarily in this order:

Introduction, and review of microeconomics | Statistical theory - games of chance | Lotteries | Casinos and economic growth | The impact of casinos on state tax revenues | Relationships among gambling industries | Is gambling an "unproductive" activity? | Gambling, consumer behavior, and welfare | The social costs of gambling | Gambling disorder | "Responsible gambling" and win limits

OAKS & Course Web Page: Resources you need for the class, such as readings and assignments, will be posted either in OAKS or on the course webpage. I will provide more details at the beginning of the semester.

Grading: Your course grade will be based on your performance on a variety of assignments, listed below.

<u>Assignment</u>	<u>Date / Due Date</u>	<u>Points</u>	
		<u>Each</u>	<u>Total</u>
Lecture attendance (10)*	unannounced	02	/ 20
Homework (5)*	TBA	10	/ 50
Pop quizzes (3)*	unannounced	20	/ 60
Current event presentations (2)*	TBA	05	/ 10
Guest speaker attendance (3)*	TBA	05	/ 15
Midterm Exam	no later than Tues., Feb. 28	50	/ 50
Project [optional]	due Tues., Apr. 18, 1:30pm	30	/ 30
Final Exam	Wed., May 3, 1:00-3:00pm	<u>100</u>	<u>/ 100</u>
	TOTAL POINTS*		335

* There may be more/fewer of this type of assignment, which will affect "Total Points."

To receive a passing grade, you must earn at least 60% of the available points. Your course grade will be based on a 90(A)-80(B)-70(C)-60(D) scale. I typically assign plus/minus grades, at the top and bottom two percent of each grade. For example, a B- is 80-82%, and a B+ is 88-89.9%. I expect the mean, median, and mode grades to be a C; you should too.

How to Succeed: You should attend all lectures and complete assigned readings as soon as possible after relevant material has been covered in class. Complete and turn-in all assignments on time.

Description of Assignments:

Lecture attendance - I will occasionally take attendance at the beginning of lectures. You will be given 3 absences without penalty. Each additional absence when I take attendance carries a penalty of 2 points. Please do not provide excuses for absences.

Likely attendance dates include the class before spring break and the class after the midterm exam, and dates we have guest speakers.

Homework - Homework assignments will typically be short answer and multiple-choice questions about lecture or reading material. Sometimes I may grade only selected problems on homework assignments, or grade based on whether the assignment was turned in on time.

Pop quizzes - There will be unannounced quizzes that are designed to be an incentive to keep up with the class material. Quizzes may cover any material that was covered prior to that point in class.

Current event presentation - You are required to sign up for "Focus Gaming News", which will send you a daily email with different gaming-related articles. I encourage you to at least read the headlines each day, if not read an article or two that look interesting. Early in the semester, you will sign up for two dates on which you'll give a brief (1-2 minute) presentation about a newspaper article that you read. You should choose policy-relevant topics, not just reports about company revenues, for example. You will turn-in a hard copy of the article, plus a "transcript" of your presentation. Sign up here: <https://focusgn.com/category/north-america>

Guest speaker attendance - We may have several guest speakers during the semester. I expect all students to attend the speakers' presentations. *Tentative* guest speaker dates are February 7, 9, and March 16. You will be reminded in advance of guest speakers. Note that if you skip these dates, you also lose regular attendance points.

Midterm exam - The midterm exam will cover all of the material up to that date. The test may include multiple-choice, short answer, and problems. The exam date will be announced at least one week in advance, no later than Tues., Feb. 28. (Midterm grades are due on Fri., Mar. 3; the midterm exam will be a large component of your midterm grade.)

Project [optional] - Each student may choose to complete a project related to the gambling industry. Options for the project will include a short paper, a summary of a gambling industry sector or market, attendance of a conference on gambling research, and a visit to a casino along with a short written report. Some project types can be done in groups. Details of the project are TBA. You must get your project proposal approved prior to beginning work. I am not obligated to approve project proposals. If you do not complete a project (or submit it late), the project will not count toward your course grade.

Final exam - The final exam will be comprehensive, but with a heavier emphasis on the material covered since the midterm exam. The format will be similar to the midterm exam, to include multiple-choice, short answer questions, and problems.

Dropping the Course: The last day to withdraw from the course (w) is Friday, March 24.

Make-Up Work, and Late Work: MAKE-UP WORK IS NOT OFFERED, AND LATE WORK IS NOT ACCEPTED, FOR ANY REASON. If there is a chance you will miss a lecture with an assignment due date, consider submitting the assignment early. If you miss a class during which your current event presentation is due, you will give your presentation the next class meeting. If you miss any quiz(zes) or the midterm exam, your final exam weight will increase for the missed assignment, minus a grade penalty of 15%.

Cheating: Cheating is a very serious offense. If you are caught cheating or attempting to cheat, the penalty is an XF grade for the course. All cases of cheating will be forwarded to the Dean of Students. For additional information, see the Honor Code and Student Code of Conduct in the *Student Handbook*. Ignorance of college rules is not an excuse for breaking them.

Students with Learning Disabilities: If you require special accommodations, please submit a copy of a current Professor Notification Letter to me from the Center for Disability Services (Lightsey Center 104) no later than Tuesday, January 24.

Economics Learning Goals: This course addresses "Understanding Major Economic Problems" and "Synthesis" learning goals. The legalization of gambling is a major policy issue at the state level. The course includes material from a variety of perspectives, including economics, public policy, and psychology, in order for students to have a comprehensive understanding of this fairly narrow issue.

Inclement Weather, Pandemic or Substantial Interruption of Instruction: If in-person classes are suspended, faculty will announce to their students a detailed plan for a change in modality to ensure the continuity of learning. All students must have access to a computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

BY REMAINING ENROLLED IN THE CLASS, YOU AGREE TO THE POLICIES OUTLINED IN THE SYLLABUS. THE PROFESSOR RESERVES THE RIGHT TO CHANGE THE SYLLABUS AS NEEDED.