

Gambling and college sports

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SPORT AND SOCIETY FOR H-ARETE
Gambling and college sports
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It has been a longstanding assumption among historians of sport that gambling is an essential element in the appeal of sport, and that from the first competition it was likely that a wager was involved. It is also generally conceded that, without gambling, sport would experience a marked decline in public interest. The gambling industry in America is huge and largely illegal, while the gambling industry on other parts of the planet is huge and legal.

It should come as no surprise, then, when John Daly confessed to having lost some \$50M to \$60M dollars over the past twelve years of heavy gambling. Three days later, former NBA star and pro-basketball television analyst, Charles Barkley, said he too had a gambling problem that has cost him somewhere in the neighborhood of \$10M. A few weeks earlier, England and Manchester United 21 year old football superstar Wayne Rooney revealed that he had amassed gambling debts of about \$1.25M. After his retirement, Michael Jordan admitted to a major gambling problem, long rumored to have been the case. High stakes golf and high rolling at casinos were his weakness.

In addition to the stars, the fans themselves have considerable gambling habits, some of them on sports, but increasingly in other venues as well. Several developments in recent years have fueled gambling, especially the internet and the personal computer which can turn your home into a huge casino or a sports book venue.

Two weeks ago, I spent some time talking about this issue with Simon Kuper of the Financial Times who subsequently produced an extended piece on gambling for his newspaper on April 22. Kuper says that Britain is now the epicenter of gambling, especially since its legalization in 1994. Betting shops are as ubiquitous as Starbucks and McDonalds. The annual handle in Britain is some \$95B and growth of legal gambling at William Hill between 2002 and 2005 was over 200%. All of this was largely without the internet which is just now coming into play and still accounts for a small fraction of British gambling.

In the United States the amount of gambling is more difficult to track as most of it is illegal. Legal Super Bowl betting in 2005 in Nevada reached over \$90M. A similar amount was bet on March

Madness in Nevada, while on the internet the betting levels reached \$1.3B for March Madness compared to only \$600M for the Super Bowl. Estimates for the U.S. are that \$500B per year or \$2,000 per person is legally wagered.

Online gambling is now a \$10B industry, up from \$3.1B in 2001, according to industry analyst Christiansen Capital Advisors. There are 2,000 gambling web sites. Of these 226 are poker sites that attract some one million players each month, much of this of course fueled by televised poker matches that have become a major television fad.

According to the Annenberg Public Policy Center at the University of Pennsylvania, 41.6% of young American men aged 14 to 22 said they gambled once a month, up by 20 percent from 2004 to 2005. Of the 2.9 million young people who gamble every week, 80 percent are men.

A 1998 study conducted by the University of Michigan surveyed 3,000 NCAA male and female athletes. The research revealed that 35% of the athletes gambled on sports while attending college. Over 5% of the males wagered on a game in which they participated, provided inside information for gambling purposes, or accepted money for performing poorly in a contest. Furthermore, according to Dr. Howard Shaffer, director of Harvard University Medical School's Division on Addiction, more young people are introduced to gambling through sports betting than through any other type of gambling.

Historically the two most common problems this presents to intercollegiate sport have been point shaving in basketball and betting by college players. Gambling on the campus continues to grow and students are accumulating significant gambling debts. Forty-eight athletes on six campuses were caught in illegal gambling operations between 1989 and 1996. The growth in gambling, including on-campus gambling, has led to fears that point shaving and game fixing are heading into a potential growth mode. Point shaving scandals hit at several colleges in the 50s and 60s, at Boston College in the 70s, Tulane in the 80s, and Arizona State and Northwestern in the 90s.

Justin Wolfers, a forensic economist at the University of Pennsylvania, has collected the results of nearly every college basketball game over the last 16 years. In a surprisingly large number of them, it turns out that heavy favorites just miss covering the point spread. He considered a number of other explanations, but concluded that only point shaving can explain

the pattern. Point shaving appears to be occurring in about 5 percent of all games with large point spreads.

There are many things at stake here, but for sport the primary issue is the integrity of the competition. If the games are not legitimate they will lose their appeal to the fans and the players. Perhaps even more significantly, they will cease to be sport. If that happens it will be a major loss for human endeavor and the human spirit, and it will be nearly impossible to retrieve once it is gone.

Whereas performance enhancement drugs alter the nature of competition, gambling ends it. To me that makes gambling a much more serious issue than steroids as it strikes at the very essence of sport.

On Sport and Society this is Dick Crepeau reminding you that you don't have to be a good sport to be a bad loser.

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