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Gambling hypocrisy

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A bill before the House would change the nation's policy on offshore betting and provide consumer protections.

BUSTED BY THE World Trade Organization for discriminating against offshore betting shops, the U.S. government is attempting a procedural maneuver to make the WTO go away. It's a legalistic move that underscores the hypocrisy of the government's approach to gambling.

The dispute stemmed from a complaint brought by Antigua and Barbuda, a haven for online betting operations. The Caribbean island nation contended that restrictions on remote gambling violated the United States' commitment to an open market for services. U.S. representatives countered that the restrictions, which date to 1961, were needed to protect public morals. The WTO agreed, but only up to a point: U.S. law allows remote betting on horse races within the 50 states (at licensed off-track betting parlors), so the government can't block foreign bookmakers from also taking those bets.

On Friday, a deputy U.S. trade representative announced plans to modify the commitment made in 1993 to open U.S. markets to "recreational services." The modification will clarify that gambling services are not included, eliminating the WTO's jurisdiction over the issue.

The little-used technique might solve the problem with Antigua, but it won't fix the flaws in U.S. policy. As the off-track-betting issue illustrates, Congress loses interest in protecting people from the lure of online gambling when thoroughbreds and trotters are involved. Similarly, interstate restrictions on games of chance evaporate for state lotteries — a form of gambling that the government enthusiastically promotes.

Meanwhile, restrictions on other forms of wagering have led to perverse results. The most closely scrutinized and stable gambling businesses — casinos in Las Vegas and Atlantic City — stayed out of online wagering, conceding the field to unregulated and, occasionally, fly-by-night operators. A federal law passed last year to prohibit credit card companies from processing bets has spawned a host of workarounds, including online wallets and repurposed prepaid phone cards.

A saner approach would be to allow online betting through licensed and regulated operators, as proposed by Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee. Such operators could be required to meet age-verification standards, analyze betting patterns to detect and block compulsive gamblers and pay additional taxes, with a portion going to treat gambling addiction. This approach would do far more to protect the public than ineffective prohibitions that criminalize only the high-tech version of an otherwise legal act.