

Lecture Info: May 15-31, Monday – Friday, 8:30 – noon | 132 Tate

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Office Hours: Monday – Thursday, by appointment

Course Description: The modern era of gambling in the United States began with the legalization of the New Hampshire lottery in 1964. Now 44 states have lotteries. Pari-mutuel gambling is legal in about 35 states. Commercial casinos operate in at least 15 states, and Indian casinos exist in about 30 states. Commercial casinos in the U.S. earn revenues of about \$40 bn per year, while tribal casinos earn around \$30 bn. These are amazing figures, given that gambling has gone from vice to accepted form of entertainment in less than 25 years. More amazing is Macao, which represents the largest casino market in the world. In 2016, Macao casino revenue was US\$28 bn, which dwarfed the Las Vegas Strip (\$6.3 bn). However, the casino market is not healthy everywhere. For example, Atlantic City, NJ, casino revenues have been declining since 2006. Five of the twelve casinos have closed since 2014. However, during 2016, the market appeared to bounce back, with revenue increasing 1.5% over 2015 levels, to \$2.6 bn.

The purpose of this course is to examine legalized gambling in the U.S. through an economics lens. We will focus on potential benefits of legalized gambling, including 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, bad debts, and other behaviors associated with disordered gamblers. 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.

The U.S. casino industry continues to develop, yet there are a number of interesting issues to study. For example, there is concern that the market has become “saturated” in the Northeast. Another interesting development is that at most Las Vegas strip casinos, now amenities such as hotels, restaurants, and shops earn more revenue than the casino floor. These types of issues make this industry an interesting subject of study for Economics and Hospitality/Tourism students. Most of the course focuses on casino gambling, as this is my specialization. However, we may also examine lotteries, poker, online gambling, daily fantasy sports, and a few other topics along the way.

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

Required Books: There are 2 required books for the course:

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

Gambling in America: Costs and benefits, by Earl Grinols.
© 2004, Cambridge. ISBN 978-0521124171. \$40.

Casinonomics is available free as an e-book to students through the library. You can also order a paperback of the book through the library’s website for \$25. You will need to have your copy of *Casinonomics* in class for reference during lectures. You can find a cheap copy of Grinols’ book on Amazon, or get a free e-book through the library or Amazon, for a 7-day period. You will not need to have Grinols’ book with you during lectures.

Other Required Reading: A variety of other newspaper and journal articles will be required. These are available on the course webpage. You are also required to sign up for the “Casino & Gaming SmartBrief”, which provides daily news articles on U.S. gambling-related topics (www.smartbrief.com/industry/gaming).

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 | Casino game statistics | Lotteries | Casinos and economic growth | Gambling, consumer behavior, and welfare | The impact of casinos on state tax revenues | Casinos and drunk driving fatalities | Gambling, crime, binge drinking, drug use, and hiring prostitutes | The social costs of gambling | “Responsible gambling” and win limits | Is gambling an “unproductive” activity? | Casinos and crime: A review of the literature | Casinos and commercial real estate values: A case study of Detroit | Relationships among gambling industries | Future of gambling research

Web Page: My web page (walker.d.people.cofc.edu) has the course outline, reading assignments, etc. The webpage material is considered a part of this syllabus; you are responsible for the material on the webpage. (Note that I do not use OAKS at this time.)

Grading: Your course grade will be based on your performance on a variety of assignments. Course grades are assigned based on points earned. To receive a passing grade, you must earn at least 60% of the 180 available points. Your course grade will be no lower than that indicated by a 90(A)–80(B)–70(C)–60(D) scale.

Assignments: Your course grade will be based on your performance on the following assignments.

SmartBrief Discussion (ungraded) – You should try to read a newspaper article related to the gambling industry each day. At the beginning of each class day we will discuss articles from the previous days’ *SmartBrief* to keep updated on what’s happening in the gambling industry. I will ask for 2 or 3 volunteers each day to summarize an article they read. If I have the opinion that too many students are not doing readings, I reserve the right to change this to be a graded assignment, with a required written summary of articles due each lecture. If this becomes a graded assignment, it will count at most for 10% of the course grade.

Article & Chapter Reviews (ungraded) – I recommend that you write a one page summary of each academic article and book chapter assigned for the course. Since we have a large number of readings, this will help you to prepare for quizzes and exams more efficiently. You will be expected to have a working knowledge of the content of the various assigned readings.

Participation (10 pts.) – While much of the class will be lecture, discussion from students is vital to the success of the course. Your overall contribution to the class discussion, which requires your attendance, will be graded at the end of the semester.

Quizzes (15 pts. each) – We will have 2 quizzes during the term. The quizzes will be given at the beginning of class, but the dates may not be announced in advance. The purpose of the quizzes is to provide an incentive for you to keep up with the readings and lectures.

Take-Home Assignments (20 pts. each) – There will be 2 take-home assignments in which you will be required to write responses to questions/problems. You may consult the books and articles used in the class, but you must cite the material you use. The take-home assignments will ask you to

address issues in moderate detail – more detail than I would expect you to provide on a quiz or exam question. More details will be provided on the individual assignments.

Final Exam (100 pts.) – The final exam is scheduled for Wednesday, May 31, 9:30–11:30. (Note that your time is limited because the exam is not a 3.5 hour exam.) The exam may include a variety of questions, such as multiple choice, essay, short answer, and graphical problems.

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, May 16.

Dropping the Course: The last day to withdraw from the course (W grade) is Thursday, May 25.

Attendance, Make-Up Work, and Late Work: It is critical that you attend each lecture, especially given this is a Maymester class. It is assumed that since you have signed up for the class, you will have no time conflicts with this class. If you do miss a class, you should get notes from another student. NO MAKE-UP WORK IS OFFERED AND LATE WORK IS NOT ACCEPTED, FOR ANY REASON.

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.

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.