

1.8 Arguments For/Against Sports Betting

For the most part, the arguments for and against gambling apply to sports betting as well. But there is an additional consideration that makes the discussion even trickier: Integrity of sports.

Whether team A or team B wins the game may be quite important to the high stakes bettor. If the person has \$100,000 riding on one game, that single game matters a lot. What are the incentives here? From a purely economic perspective, most people wouldn't hesitate to give up a portion of that, say \$20,000, for a sure return. Ethics aside, this becomes an easy decision. Give up \$20,000 to "buy" a couple players and they will try to deliver you a "loss". In fact, one would probably get the players first and then bet on a particular outcome. Players on a bad team playing a good team can justify this even further. "We will lose anyway, so I might as well walk out of the game \$20,000 richer".

Sometimes, one doesn't even need to try too hard. Remember the spread betting example we covered in 1.6. In this case, the bettor only cares about the spread, not who wins or loses. The player, if so inclined, wouldn't have a hard time to justify the behavior - winning by 11 or 6 doesn't really make a real difference in anyone's life. Intentionally miss a couple shots in the garbage time – this is called point shaving - and you are \$30,000 richer. Easy money.

The above examples are not meant to imply any single player or sport. Most of the players give 110% and only care about winning. Also, some may be forced to take actions they don't want. But if there is at least one player on the floor with something else in mind other than winning/giving full effort, or a referee who may have other incentives on the side that may impact how the game is called, that's one too many. What happened is that

The sports now lost its purity.

What to do? The pragmatic pro-betting folks argue as follows: "Yes, game-fixing and point-shaving are possible. But is making sports betting illegal the solution?" This side argues that this only buries the activity underground. The argument is when legal, one can actually better monitor the activity, because there is a trail. Occasionally, one can even spot some "irregular" betting activity during or before the game and alert the authorities. At the heart of this argument lies the potential cooperation between the bookmaker/betting exchange and the authorities. The opponents argue that such monitoring is difficult and not very useful, at least not useful enough to justify the legality of sports betting. Their argument is that such monitoring is too late, not always possible, or doesn't lead to effective prevention.

This is why sports betting is such a tricky concept. The money laundering and addiction elements are still there, but there is the added danger of interfering with the game we all love. In the U.S., that's why the major leagues take such a hard stance, understandably, against sports betting.