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A Losing Gamble

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Government addiction to gambling revenue has put the United States in a difficult position regarding world trade. The United States has made it illegal to gamble on the Internet. The federal government has prosecuted people who operate gambling Web sites in other countries and has squeezed others with financial rules.

But the tiny country of Antigua, where online gambling is the second largest industry, fought back. It sued the United States, and won, before the World Trade Organization.

The United States says that nothing in the WTO agreement prohibits this country from outlawing international gambling that takes place within our borders. We have long had prohibitions on gambling on our law books, U.S. officials argue. But the WTO says that a member nation cannot treat international businesses any differently than it treats domestic enterprises. And that is where the state-sponsored gambling comes into play.

According to The New York Times, the United States lost its case before WTO judges because state governments conduct all manner of gambling online. Thus, if it is legal to gamble in the United States when you buy a state lottery ticket or bet on horses at a state-operated off-track-betting site, then it must be legal to play poker online with a site based in Antigua.
The Times reported that the United States now has three very unpalatable options: Outlaw all online gambling in the country, accept the WTO’s likely punishment, or eliminate the ban on international gambling Web sites.

It’s hard to see how Congress and the president could implement a ban on all online gambling here, given the dependence of state and local governments on lotteries. And the penalty that the WTO is considering is to allow Antigua to violate all American claims to intellectual property, including music, movies and software. That could be an economic disaster if Antigua were allowed to become a haven for counterfeiters.

That leaves only one option: the repeal of the ban on online gambling from foreign sites. And such an action could make every home computer in America an instant casino.

The ruling came down more than a year ago, and both the administration and Congress have mostly ignored it. But the WTO is proceeding. The United States had one year to correct the situation and it hasn’t, so who knows what action the WTO will take?

By depending on lotteries and casinos, and betting on horse and dog racing as sources of revenue, the states have been promoting a social ill.

Now their choices have the country stuck in a corner with only three bad options as our exit strategy. We can thank government-sponsored gambling for our predicament.

Reader's Reaction

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Posted on 09/05 at 02:17 AM

This editorial is right on. The hypocrisy and idiocy of the US's stance on online gambling is laughable. Online poker and sports betting is evil and irresponsible the government says, but go ahead and blow all your money on the horses and scratchoff since this is OK. What a subjective stance. Why don't you hit up a little site called "youbet.com." That's right, it's a U.S. sanctioned cite for online gambling -- but it's on horse racing, so it's OK. Let's change this culture now!

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