

**House Committee on Financial Services  
United States Congress**

**“Can Internet Gambling Be Effectively Regulated to Protect Consumers and the  
Payments System?”**

**Testimony of**

**Radley Balko  
Senior Editor  
Reason Magazine**

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**Reason Foundation  
3415 S. Sepulveda Blvd., Suite 400  
Los Angeles, CA 90034  
310-391-2245  
[www.reason.com](http://www.reason.com)  
[rbalko@reason.com](mailto:rbalko@reason.com)**

Mr. Chairman, distinguished members of the committee: My name is Radley Balko. I'm a senior editor with Reason magazine and a former policy analyst for the Cato Institute. I've spent a good deal of my time writing on civil liberties issues, including the problems associated with the prohibition of victimless crimes. I want to commend Chairman Frank for his work defending the freedom of adults to gamble online and I thank the committee for inviting me to testify today.

The Unlawful Internet Gaming Act was passed under rather dubious circumstances. It passed the U.S. Senate on the last day of Congress, late at night, with no floor debate, after being attached to an unrelated port security bill.

My problems with how the bill passed, however, are beside the point. Let's get down to the crux of this issue, Mr. Chairman: What Americans do in their own homes with their own money on their own time is none of the federal government's business. Take online poker, by far the most popular form of online gambling.

Poker has enjoyed a surge in popularity over the last several years. The game is about as mainstream and uniquely American as baseball. Poker evolved from similar card games in the early 1800s, then flourished in popularity on Mississippi's riverboats, winning over such iconic American aficionados as Mark Twain.

Today, most daily newspapers have a poker column, including *The New York Times*. The game saturates cable television. Until recently, even the Supreme Court had a monthly poker game.

Online poker is merely a new evolution of the game, similar to the way Civil War poker games introduced the straight, and gave us variations like draw and stud poker. The Internet merely removes the geographic barrier preventing those who love the game from finding opponents of similar skill who are willing to wager similar amounts of money.

No one is hurt when two or more consenting adults sit down for a game of poker, be it online or in person. Why any of this should be of concern to the federal government is rather perplexing. I respect the fact that many Americans—and many members of Congress—may have moral objections to gambling, online or otherwise. To them, I'd say, simply, "don't gamble, then."

But in a nation where Las Vegas is one of our fastest growing cities and most popular tourist destinations, where Indian casinos are commonplace, where horse racing is a national past time, and where nearly every state in the union derives public funds from state lotteries, singling out Internet gambling for prohibition seems arbitrary and, frankly, hypocritical.

Yes, it's possible a parent could bet away their family's savings, or their child's education fund in an online poker game. They could also fritter that money away on eBay. Or on booze. Or fancy cars and exotic travel.

These are all personal decisions, of course. And if a free society means anything, it means we should have the freedom to make bad choices, in addition to good ones. The ban on Internet gambling punishes the millions of Americans who were wagering online responsibly due to anecdotal evidence of a few who may do so irresponsibly. It's an affront to personal responsibility, and symptomatic of a Nanny Statist government that treats its citizens like children. A government based on the principle of liberty doesn't police the personal lives of its citizens for bad habits, at any level, much less at the federal level.

Supporters of a ban on Internet gambling say the industry is unregulated, that money wagered and lost leaves the United States, and that all of these offshore gaming sites are ripe for money laundering and similar criminal enterprises.

But these are all problems wrought not by consenting adults' decision to gamble, but by the government's decision to prohibit gambling.

Were Congress to give its blessing to legalized online gambling, I'd suggest you'd soon see brand names like Harrah's, MGM, and Trump immediately enter the market.

Reputable offshore brands like FullTilt poker and PartyPoker would almost certainly incorporate in the U.S. and subject themselves to U.S. market regulation and government oversight.

These companies want to win the trust of their customers. And they want to operate in a business environment that respects the freedom of contract and adheres to the rule of law.

Customers want to know that they're playing a fair game, that their bankrolls are secure, and that their privacy is protected. Companies that set up shop in the U.S. with the blessing and encouragement of the U.S. government will almost certainly dominate the market. Winnings could be taxed. Market forces and—if necessary—the federal government could regulate and monitor gaming sites for fairness and transparency.

Most importantly, if online gambling were decriminalized, the federal government could get out of the trivial business of breaking up online poker games, and federal law enforcement officials and federal prosecutors could expend scarce taxpayer-funded resources on more appropriate endeavors, like pursuing interstate fraud, theft, and protecting the country from terrorism.

In closing, the Unlawful Internet Gaming Act is a significant and disturbing encroachment on individual liberty. I'd urge the committee to correct this overreach, and let Americans do as they please within the privacy their own homes.