Qualitative Research in Gambling

Gambling is both a multi-billion-dollar international industry and a ubiquitous social and cultural phenomenon. It is also undergoing significant change, with new products and technologies, regulatory models, changing public attitudes and the sheer scale of the gambling enterprise necessitating innovative and mixed methodologies that are flexible, responsive and 'agile'. This book seeks to demonstrate that researchers should look beyond the existing disciplinary territory and the dominant paradigm of 'problem gambling' in order to follow those changes across territorial, political, technical, regulatory and conceptual boundaries.

The book draws on cutting-edge qualitative work in disciplines including geography, organisational studies, sociology, East Asian studies and anthropology to explore the production and consumption of risk, risky places, risk technologies, the gambling industry and connections between gambling and other kinds of speculation such as financial derivatives. In doing so it addresses some of the most important issues in contemporary social science, including: the challenges of studying deterritorialised social phenomena; globalising technologies and local markets; regulation as it operates across local, regional and international scales; and the rise of games, virtual worlds and social media.

Rebecca Cassidy is Professor of Anthropology at Goldsmiths, University of London. She has written two monographs about horseracing and betting in Britain and the United States. Her current project, supported by the European Research Council, uses ethnographic methods to study gambling environments in Europe.

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Exploring the production and consumption of risk

Edited by Rebecca Cassidy, Andrea Pisac and Claire Loussouarn

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Introduction

Rebecca Cassidy, Claire Loussouarn and Andrea Pisac

This collection is concerned with the diverse ways in which gambling makes risks pay, creating value from contingency, and especially with the ways in which gambling products and practices engage with local and regional priorities. Our focus is less on the consumption of gambling and the problems it may cause for individuals or communities, already the subject of a large and growing literature, and more on the range of practices and meanings of gambling in particular settings. The collection emphasises the diversity of gambling products and the distinctive ways in which they are adopted and adapted by particular communities, including variations in their categorical identification, symbolic significance and moral associations. The primary purpose of the collection is to reopen fundamental questions about the nature and meaning of gambling and its relationship to other kinds of institutionalised risk taking and play.

In the chapters that follow, we examine the organisational principles of gambling and how its production and consumption in particular settings are framed by the wider structures of late capitalism, including regulation, international markets and networked technology. Our chapters capture diversity but are based on a shared set of principles that we will outline in the introduction. Shared themes are located not in the meanings of gambling or its function or symbolic value to society, but in the heuristic role of gambling as a focus for discussions about the politics of distribution more generally, and particularly how risk and play are monetised in diverse settings.

The contributors to this collection represent a variety of disciplines, including law, geography, organisational studies, sociology, East Asian studies and anthropology. They draw on a number of different disciplinary trajectories, some of which overlap and share significant intellectual ancestors and sets of literature (sociology and anthropology for example), while others are less obviously related. We also employ a variety of different data-gathering methods, including using archives and consulting documentary evidence, conducting interviews and participant observation. The purpose of the book is not to produce a singular approach to or conclusion about gambling but to bring together some of the contemporary work investigating diverse gambling practices and environments, because we believe there is a methodological purpose in this juxtaposition. More specifically, we agree with Reith and Dobbie, who suggest that ‘different types of research inquiry are productive of different types of knowledge, and also different kinds of research subject' (this volume). In this respect, *what* we know of gambling is not divorceable from *how* we come to know about it. In the first part of this introduction we consider what kinds of subjects our chapters have created and what kinds of questions a qualitative approach to gambling can conjure.

Between methods

The contributors to this collection have adopted a qualitative approach that encourages us to derive our research focus from our data and in particular to prioritise questions that are important for our research subjects in their encounters with gambling. We are relatively unencumbered by fixed, predetermined questions in a methodological effort to apprehend the vagaries of gambling practices and their meanings within social life, where behaviour is not easily explained away, controlled or reduced to finite algorithms. We enter our fields not conceptually empty-handed, however, but with theories and questions that are adjusted in the light of the ideas and interests of our subjects. The contributors also share an interest in the dynamic qualities of research environments or 'fields' and their occupants, and particularly in changes through time and space. All of the chapters are anchored in a particular time and place. Reith and Dobbie, for example, make temporality a key element of their methodology by using a qualitative longitudinal approach to explore the fluid and multidimensional nature of a group of Scottish gamblers' experiences through time. Connecting the 'lone gambler' with their broader social networks and the larger socio-political context, they focus on the rich textures and key moments in gamblers' lives, allowing their participants to describe their experiences and attitudes in their own words. They discover how 'problematic' behaviour influences their social relationships, sense of self and ideas of time and money that can be both lost and regained. By tentatively defining four narratives of behaviour, the authors question atemporal categorical assessments of gamblers that reify problematic behaviour as static and progressive rather than transitory and multidirectional. Instead, they propose a method which is more mindful of the vagaries of time and the idiosyncratic rhythms of gamblers' lives.

Qualitative research is a creative process, not a straightforward exercise in description or enumeration. It requires us to examine our own assumptions about the dynamics of gambling, its social meaning and its function before we devise ways to investigate alternatives. Each of us is to be found 'in' our research as an active participant with a reflexive awareness of how we produce knowledge as researchers. None of us stands apart as a disembodied, knowledgeable outsider. This produces a rather different perspective on the categorisation of 'evidence' and 'objectivity' in current policy debates. By explicitly engaging with the idea of research as a transforming process we resist any simplistic division between research subjects and their investigators in favour of a more nuanced approach that stresses their mutual creation (Rabinow 1996). Reflexivity – the critical awareness of the development of research as a personal and public activity – is at the heart of Hart's chapter: a riveting autobiographical reflection on how gambling provides opportunities to 'actively participate in the money force', which shows that engaging with money is an intrinsic part of our humanity. Hart narrates how at an early age he saw in both academic life and betting on horses a way out of an impasse, that of 'being owned by a single employer'. Hart's money life has included participation in the informal economies of Cambridge as an undergraduate, of Ghana during doctoral fieldwork research and, most recently, speculation on currency exchanges. Hart describes his training in economic life as inescapably anthropological. The strength of his narrative lies in depicting vividly the way gambling imbricates with other forms of financial risks, each of them profoundly social engagements with contingency. His chapter undermines conventional narratives of gamblers as irrational, the poor as powerless and the distribution of resources as inevitable.

All of the chapters are methodologically bound together by the kinds of questions which emerge from our reflexive encounters with practitioners and practices of gambling – it is our common denominator. These questions can be divided into four broad areas. First, all the chapters suggest that ideas about gambling are formed by and embedded within wider social and historical contexts. Miers, for example, uses a historical approach to contextualise gambling legislation. Focusing on lotteries in the United Kingdom, he shows how laws emerge from particular social milieus. Gambling laws, in particular, reflect changing ideas about the proper role of risk in the wider politics of distribution. The importance of this chapter lies in the way it brings together law, technology, morality and politics. Like several other chapters in the collection (Randalls, Loussouarn and Cassidy, for example) the chapter shows how these spheres overlap and combine to change which risk-taking and risk-making practices are possible, acceptable or desirable under changing historical circumstances. Miers also shows how historical accounts provide useful critical perspectives on the present, a point reinforced throughout the collection. Comparing gambling through time and space shows how ideas about risk and play temporarily stabilise under particular conditions, appearing natural but often obscuring the complex process of becoming so.

Second, we argue that risky behaviour that does not conform to the expectations of cognitive or economic science is not to be explained away as the products of bias or a lack of information, any more than complex social activities can be reduced to the epiphenomena of biological drives and urges. As Scott shows in her chapter based on ethnography gathered in casinos in Cyprus, the nuances and contradictions of gambling behaviour reflect the processural and ongoing exchanges between people who find ways to explore, sometimes strategically, always playfully, their differences through a productive encounter with uncertainty. Van Wyk also shows that decisions to gamble, or not, should be related to cosmologies of chance and fortune, and not simply reduced to rational processes or the desire for financial gain. In the South African context these decisions hinge on the ability to manage unbounded bodies and the volatile spirits that redirect fortune as it flows from one individual to another. Gambling paradoxes are to be not dismissed or otherwise resolved, but investigated and juxtaposed, foregrounded as problems in their own right, rather than dissolved into the background of existing models of human nature.

Third, the borders between gambling and other forms of risk and play, while useful heuristics for a disciplinary division of labour, are less credible in the field, where playing and gambling, investment and insurance merge, divide and ricochet off one another. These boundaries are productively unstable, creating new products (Chumley, Randalls), and new regulations (Loussouarn, Miers), in an unchoreographed dance that deems some risks lucrative and legal, and others either sterile or beyond the pale. To seek to establish or refine universal categorisations of gambling that rest on motivation, legislative principles or logic ignores the variety of activities that blur these boundaries, including those that are made possible by new forms of technology that are unencumbered by the material, territorial and conceptual limitations that contained gambling for much of the twentieth century. Instead, we investigate the shifting constellations of regional regulation and profit as they drive and exploit changing technological conditions, as in Schüll's chapter, which focuses on attempts by the North American casino industry to convert Chinese players from table games to more profitable machine gambling in Macao. Also evident in Schüll's chapter is our fourth shared organising principle – that contributors treat the production and consumption of commodified risks as aspects of a single system or process. Like the social gaming operators described by Cassidy, who depend on data generated by their customers to refine their products, the production and consumption of commercial gambling is part of a single cycle, driven by profitability but shaped by local and regional preferences that are unpredictable and fluid.

Border crossing

The idea of the 'global assemblage' (Ong and Collier 2005: 400) emerged from actor network theory and Weberian anthropology to offer a sophisticated tool to study global forms. Eschewing the opposition of local and global, and the attribution of specific traits to either sphere, the idea of the global assemblage was to explore how connections, but also exclusions, operate between and within scales and through time and space, generating contested and changing ethical and political positions. Gambling operators understand their industry as a global assemblage, though they may not use this term. In a presentation to investors in 2006, for example, a UK operator produced two slides depicting the relationships among individuals, companies, technology, processes and machines. The slides highlight the industry's vision of gambling provision as a deterritorialised, network- and process-focused endeavour. In the first slide, the 'business systems environment', 'products' are at the centre of an overlapping series of spheres including 'retail', 'remote', 'content' and 'international'. China, Russia, Italy, Spain and Vietnam are satellites of the international sphere, and in turn reproduce 'retail', 'remote' and 'casino' in combinations determined by regulation and perceived market properties. A second slide, 'the international retail betting model', places 'machines', 'expertise', 'content', 'virtual' and 'land-based gambling environments' alongside one another, connected by animated lightning strikes that link disparate realms, for example, the 'back office' – a mundane, peopled and familiar space – with a 'router switch', an object that compresses relationships between things and people, at once binding and separating them through commerce and game playing. This strategy is described by the chief information officer as the 'technology core' of the company, repeating an earlier 'key theme' in the presentation by the managing director of European retail, that, 'all actions are facilitated or underpinned by technology'.

The transformational properties of new technologies and their impact on gambling operators is the focus of chapters by Schüll and Cassidy, who use both conferences and industry publications to inform their analyses. Schüll describes how North American gambling executives account for the different ratios of table to machine games in casinos in Las Vegas and Macao by alluding to stereotypes of Chinese and North American gamblers. Chinese gamblers are, according to industry executives, socially motivated, thrill seeking and fixated on luck. North American gamblers are, by contrast, solitary and interested in less volatile forms of play, the drip feed of contemporary machine gambling algorithms which maximise 'time on device'. These observations are crucial to profitability – machines are more lucrative and less volatile than table gaming and North American operators would like Chinese players to convert. The dual strategy used to encourage this conversion is 'market attunement': adapting machines to players and populating Macau casinos with e-tables in an effort to adapt players to machines.

Cassidy describes the similarly iterative qualities of social gaming, a new market that emerged on Facebook and has yet to find a stable place in the gambling pantheon. Social gaming and the European online gambling industry have been courting each other intensively for the past five years, both eager to benefit from the business model of the other and to ride the next technological turn into profit. Social gaming, with its iterative qualities, has the potential to produce new 'spaces of anticipations': expectations produced and modified by the interaction between player behaviour and changes to gameplay. However, the romance between the industries is, Cassidy argues, limited by structural differences and by the distinction they both draw between play and gambling. Both industries imagine gamblers as 'in possession of qualities that precede and exist outside their products', despite evidence which shows that gambling anticipations are in fact generated by the interaction between technology (including regulation), operators and consumers.

Schüll and Cassidy show that online gambling products, business models and the social and iterative process of games development cannot be investigated using only traditional ethnographic techniques which associate an unchanging way of being in the world with a particular place or time, ignore machines and processes and emphasise fixity where change is continual. However, as Gariban, Kingma and Zborowska's chapter shows, immaterial products are produced by material organisations, and therefore more traditional forms of enquiry are also relevant to the study of networked technology. Using a case study, their chapter focuses on how online gambling is produced by a firm based in Gibraltar, servicing a market in the United Kingdom. The chapter takes the form of an organisational ethnography based on observation and interviews with employees in all sections of the company, including its founder. It characterises the online gambling industry as fast moving, tightly coupled, technologically focused and marketing driven, and contrasts the communications that take place online with those of other, more traditional land-based markets. The choice of Gibraltar reflects the offshore logic of gambling regulation and fiscal policy: borders continue to shape gambling encounters, even as they are traversed online.

Pisac also describes how borders operate in the contradictions experienced by croupiers working and living between Slovenia and Italy. Trapped by a job they both love and hate, croupiers escape their dilemma through a 'sleight of mind'. When casinos came to Slovenia they promised wealth and security: a pathway into the market-based economies of the west. Croupiers were proud to become a part of this transformation and the greater security it provided. However, their work was hard and their schedule antisocial, separating them from their families and friends. As the market retracted, croupiers also discovered that they were vulnerable to market forces and disadvantaged by bureaucracy. Pisac uses croupiers' own words to describe the emotional labour involved in managing the demanding position of being caught between exacting customers and pressurising management. Pride in their work encourages them to continue to strive to produce an unparalleled customer experience, but disappointment leads them to seek alternatives to a life in casinos. In this case, and in the chapter by Scott, gambling practices, among both producers and consumers, can be a kind of border work, affecting and reflecting relationships between bordered people and places.

Between worlds

Gambling Cultures, published in 1996, established the value of a multidisciplinary approach to modern gambling as a 'pervasive and diverse cultural expression and as a growing field of political and commercial activity' (McMillen 1996: 1). It showed how a group of authors from diverse backgrounds could bring together a body of work the value of which was greater than the sum of its parts. The modest aim of *Gambling Cultures* was to 'reflect the diversity of the modern gambling phenomenon' and 'to suggest(s) lines of enquiry that could lead to still more fruitful research in the future' (1996: 1–2). Changes in technology, particularly online, were yet to emerge. However, the globalising tendencies of the gambling industry, particularly changes in policy and the 'rapid spread of (frequently American) commercialised gambling' (1996: 2), were strongly in evidence when the chapters for *Gambling Cultures* were in preparation. In the third section of our collection we build on McMillen's approach, exploring gambling as cultural practice in contexts that are relatively understudied. We do not wish to suggest that these environments are homogenous, isolated or somehow residual or less than modern. Bloch and Parry (1989: 23–24) have contested the categorical identification of money and gift exchange and their idealised distribution between modern and 'primitive' worlds. We argue, similarly, that it is not helpful or accurate to distinguish gambling in Euroamerica from gambling elsewhere on the basis of its redistributive logic or containment/localisation. Each of the chapters in this section shows that apparently marginal practices are embedded within regional and global processes. What they illustrate collectively is the importance of context and local knowledge, and the rewards of a qualitative approach that makes no assumptions about how people understand gambling as a way of relating to other people and institutions, but rather seeks to discover these understandings in situ, in the long term and through painstaking, patient effort. Through playing blackjack 'properly' in divided Cyprus, the lottery in conjunction with magic in South Africa, machine gambling as 'big men' in Papua New Guinea to betting on odds rather than horses in India, gambling emerges in unique and unexpected ways, highlighting the relevance of specific types of games played and the social dynamics they perform.

By exploring play at the blackjack table, Scott argues that casinos in Cyprus operate as a kind of 'bi-communal' space, different from those promoted by international agencies as part of 'peace building' and 'conflict resolution' activities. Scott depicts the blackjack table as a dynamic conjuncture of stochastic processes, social performance and individual and collective agency. Describing the players' ideas about 'right' and 'wrong' ways of playing and behaving, she shows how a casino game provides an opportunity for 'cultural intimacy', allowing players to comment on and negotiate the otherwise rigid and overdetermined positions in relation to statehood available in the dominant public discourses of Cyprus. In April 2013, as this book goes to press, Cyprus has turned to gambling revenue in order to address its current financial travails, adding another dimension to casino gambling practiced as a claim to a particular kind of citizenship.

State-sponsored gambling is also the focus of Van Wyk's fine-grained ethnographic study of lottery players in South Africa. Van Wyk focuses on the unanticipated outcomes of lottery penetration in Cape Town. In particular, she describes how ideas about luck interact with the belief system of the Pentecostal Church and traditional magic and how people seek to manage their future by engaging with supernatural forces of different kinds. In this context, money is slippery, hard to retain and morally charged – wins can be too big to handle, causing misfortune, or used to purchase goods that will somehow disappear. Wealth is desired but also feared in a setting where relationships between people and spirits require constant management. As Van Wyk's ethnography shows, a lack of balance, including a big win, can create mortal danger: to be lucky is also to be exposed to the jealousy of others and to forces that may be beyond control.

In Papua New Guinea similarly porous ideas of personhood combine with card playing and gambling machines. Pickles explores how the introduction of 'pokies' in the market town of Goroka reshaped social relations, especially in reaction to ideas and practices of older forms of gambling using cards. Although on the surface card and machine playing may be understood as 'playing together' and 'playing alone', respectively, Pickles shifts his focus away from this comparison onto the social dynamics of pokie joints, the shops where machine gambling takes place. Asking 'who plays pokies?' and 'why?', Pickles follows the activities of both wealthy 'big-men' (who play big) and *pilai laki* players (who play small), discovering that the former reinforce their place in the community through playing while the latter achieve temporary escape but no improvement in status. Finally, Pickles argues that practices inside pokie joints relate to and reflect a particular understanding and pattern of spending that lends credence to the growth of a new elite.

Blackjack in Cyprus, Lotto in South Africa and machine gambling in Papua New Guinea are legal, state-sponsored forms of gambling that are used to negotiate and transform local ideas about luck, desert and even sociality. The majority of betting on horseracing at a Delhi racecourse in India, on the other hand, takes place outside the full view of the state, within the informal economy. In her chapter Puri uses participant observation to explore how bookmakers and bettors produce lucrative combinations of money and risk to generate profits outside the official system. Taking us inside the betting ring and with the help of articulate research participants, she illustrates how odds are produced in a play of knowledge and (mis)information, (im)partial communications, mixed signals and deception. The complex fiscal and regulatory arrangements she describes, both official and informal, combine to produce multifarious opportunities for cheating and arbitrage. As a result, punters come to assess and bet not on horses, but on people. The betting ring in Delhi is both an eclectic and highly localised cultural space – we need Puri's guidance, and that of her research participants in order to understand what is happening within it. But it is also a reflection of wider questions about gambling, including 'How do markets for information develop in environments where cheating is normal?' and 'How do legal and illegal markets develop in price differential contexts?' These more general questions show how an understanding of such a fascinating and unusual place as the betting ring in Delhi can help us to formulate questions about other risky markets, including within the financial sector, to which we now turn.

Between investment and gambling

Historian Fabian (1990) and geographer de Goede (2004, 2005) have unraveled the painstaking process by which gambling was separated from financial speculation during the nineteenth and twentieth centuries. The ritual cleansing of finance was part of a wider process which established the late capitalist logic of market economics as the dominant system of distribution. Contributors to the final section of this collection are interested in contemporary instantiations of this process which they consider to be ongoing: the folding and refolding of finance and gambling into one another, but also their separation and distinction, the traces of which fade in and out over time. They focus particularly on the spheres where products and processes are temporarily quarantined, while markets and governments decide on their status.

Juxtaposing the legal history of the Victorian bucket shop and the contemporary spread betting industry in the City of London, Loussouarn explores the productive interstices and interactions between finance and gambling in terms of their legal, regulatory and fiscal status. She argues that, as well as exploring the ways in which members of the City of London's institutions have worked hard to segregate their activities from gambling we should also consider hybrid products such as spread betting, which constitute ‘marriages of convenience’ in terms of the profitability they bring to their creators. The development of spread betting provides a particular illustration of the more general process of manufacturing new kinds of risks and risky behaviours, which usually takes place out of view, in naturalised markets. Spread betting emerged from the informal practices of City of London workers. These experts in risk revived the practice of betting on the movements of stocks that had taken place in so-called ‘bucket shops’ during the Victorian era. The modern market grew with online technology as operators learned that by negotiating the boundary between gambling and finance they were able to offer a tax free service that was more lucrative than either traditional betting or speculation. The place of risk in British society changed rapidly during the late 1970s and 1980s under successive Conservative governments and policies, including the privatisation of national industries and the deregulation of financial markets known as the Big Bang, which took place in 1986. Loussouarn’s combination of historical and contemporary data enables her to relate the emergence of spread betting during this period to the wider context of city regulation, and changes in the treatment of manufactured risks by both the state and citizens of the United Kingdom.

The border between gambling and other investments requires constant maintenance and is essential to legitimate the work of risk undertaken by financial services. The development of new financial products which thrive on this boundary illustrate these categorising projects particularly clearly. Randalls describes how a market for weather derivatives was created in London during the 2000s. Traders worked hard to establish this product as a bona fide financial service, overcoming the resistance of potential customers who likened trading in weather to science fiction or gambling. Traders used advertising, social networks and impression management in order to establish weather trading as a rational and prudent response to the increased risks posed by climate change. They recognised the susceptibility of their product to charges of gambling and refrained from using terms that suggested speculation or uncertainty, instead employing practical and prudential Enlightenment discourses which evoked the taming of nature by the rational feats of men.

Leins also illustrates how markets in risk grow and diversify via social networks, informal communications and market actors’ performances. Using data based on long-term fieldwork in a Swiss bank, he describes how markets are constructed using social as well as economic capital. The chapter depicts financial analysts as highly specialised individuals who make markets by formulating and evangelising predictions of the future. Leins argues that a good financial analyst is primarily a convincing storyteller whose worth is based not on the ability to predict the future, but on the level of respect he or she can command among peers and clients and whose role is to be convincing, and therefore influential. As Leins discovered, financial analysts do not *deduce* predictions from critical data analysis, but rather they *construct* an ‘investment story’ based on what they refer to as ‘market feelings’, ad hoc public sources and networked knowledge.

Through storytelling they convert uncertainty into risk, packaging their wares into saleable commodities whilst bolstering their creative role in markets. Like the Delhi bookmakers Puri described, they are not separate from the system they describe; their activities are lively and animating and constitutive of their subjects.

Chumley and Wang describe how Chinese *gongxin jieceng* (wage workers and retirees) are also seeking to become active participants in the creation of value through financial markets, and how this process has reanimated the contested distinction between finance and gambling in China. *Gongxin jieceng* have become avid customers of *licai* (wealth management products offered by banks) as a way of discharging their duty to care for their money. While wage workers have seen their incomes rapidly increase over the past three decades, at the same time safe options to invest extra cash have slipped further out of reach. Despite the fact that *licai* investments have become more risky since 2008, they are perceived as a safe and responsible way to manage uncertainty and provide a more secure future for oneself and one's family. Chumley and Wang draw on fieldwork with bank managers, *licai* customers and financial media professionals in Shanghai and Fuzhou between 2009 and 2012 to show how risky investments are domesticated in the sense of being brought within family life, while gambling remains outside the family, as either inconsequential or irresponsible. The hopes of *licai* investors for a healthy return may be no less far-fetched than that of gamblers, but their actions are compatible with the traditional care for money and family as well as the more recent requirement to make risks fruitful, and the patriotic duty to enhance wealth.

Concluding remarks

Global gambling revenue was estimated at $430 billion in 2012 (Global Betting and Gaming Consultants 2013) and is an increasingly important part of the global economy. To place this figure in context, $34.7 billion was spent on cinema tickets in 2012, and it is estimated that $1 trillion will be spent on alcoholic drinks in 2014. Gambling is also increasingly used as a source of revenue by states with retracting economies. During the bailout of Cyprus which is taking place as this book goes to press, gambling is presented as a solution to the problem of financial crisis. Reckless risk taking might be accused of contributing to the recession, but when turned into a source of revenue managed by the gambling industry it is presented as the saviour which can rescue an economy on the brink of collapse. As the economic importance of gambling grows, the nature of its relationship with mainstream economic activities becomes increasingly important. To continue to separate gambling from other encounters between risk, play and money is, we argue, an obstacle to the design of productive and critical research questions. This collection has sought to find new ways to connect these fields. The ethnographic details the chapters provide show that the consumption of gambling and other kinds of playful risks is not separable from its production.

The collection also explores the value of qualitative methods as a way of better capturing research subjects' perspectives and the unexpected movements of social life. The modest, reflexive and iterative qualitative approach that we presented as a common ground at the beginning of this introduction is particularly adaptable to the amorphous and slippery nature of gambling which both blurs and reinforces categories and borders. The diversity, specificity and irregularity of qualitative data are not limitations to the project of this collection but rather a reflection of the rich texture of gambling practices as they are found in diverse environments. This collection, like *Gambling Cultures* (McMillen 1996), aims to contribute to a constructive methodological discussion about the production of academic knowledge in which researchers are encouraged to acknowledge their creative role. Rather than proposing a singular approach to gambling therefore, the collection supports the use of diverse methods and perspectives, informed by reflexivity and open to the question of what gambling is or means to its practitioners.

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Part I

Between methods

1 Making money with money

Reflections of a betting man

Keith Hart

My apprenticeship

In 1955, when I was 12 years old, I realised that I did not want a job like my dad's when I grew up. Most evenings he would come home and express his frustration to our mother. He knew his job better than anyone, but his bosses often made him do it their way, usually for the worse. Moreover, promotion was unfair. The surest route to advancement was to tell the bosses what they wanted to hear. My father told it how it was and this did him no favours. As the oldest of four children and with a father disabled by a war injury, he had left school when he was 14 to work in a factory. By attending night school until he was 21, he acquired the equivalent of a degree in electrical engineering from Manchester 'Tech' (now the University of Manchester Institute of Science and Technology) and joined the telephones branch of the General Post Office. But 20 years later he remained stuck in the manual grades. He eventually won promotion to the managerial grades and retired from a relatively senior post in British Telecom during the early 1970s. But none of that seemed likely when I decided to take up betting.

I formed a fear of being owned by a single employer that has stayed with me since. I suppose I would now call it fear of being a proletarian. I was already embarked on a career of passing examinations into what I naively imagined were the free professions, a world of self-organised work, with the obvious choice being the academy, since I was already in school. I had been the first boy from our large inner-city district to win a place at Manchester Grammar School. I made it onto the front page of the local newspaper. But it was a lonely and competitive life and I had no precedents or home advice to draw upon. When I was eight, we visited an aunt in Bedfordshire and took a day trip to Cambridge. I asked why they had so many churches and was told that these were schools, not churches. Apparently I said, 'When I grow up, I want to go to a school that looks like a church'. This became enshrined in family myth as 'Keith wants to go to Cambridge'.

The trouble was I didn't know how much I had to do to get there. As a teenager, I ended up doing 40 hours of homework a week, while travelling to and from a day school. I became obsessed with mastering the forms of being examined. I hated the impersonal procedure of being assessed in that way. There's a scene in the film *Billy Elliot* where a miner's kid is waiting to know if he has been accepted by the Royal Ballet School. Eventually, a buff envelope arrives with his name on it and his father tells him to open it. He refuses. That binary moment, when remote anonymous examiners say 'yes' or 'no', is unbearable when measured against a child's life and hopes. I too could not stand having no relationship with my potential executioners. I set about trying to influence them. I imagined an examiner in his fifties, on his fourth whiskey. It is one A.M. and he is very tired. I knew I would do well enough to succeed, but what happens if he just passes over my paper and gives it a B? I needed to get his attention. I had already studied calligraphy and developed a handwriting style that was pleasant to read and avoided forward-sloping (extravert), backward-sloping (introvert) and big loops (psychotic). But I needed something else. I decided to insert a joke in the first paragraph. He might not like it, but at least he was now reading; and if he liked it, I was even further ahead. This impulse to bridge the gap between my person and impersonal society is what led me eventually to anthropology and much later to the study of money. But I get ahead of myself.

As a 12-year-old I was already committed to passing exams, but what if I failed the exams? The last thing I wanted was a job like my dad's, indeed any job in a bureaucracy. I had to find enough money to live on by something other than normal work. How do you make money without working? The only method I could think of was betting on the horses. Of course I had no money to bet with, but I set out to learn about horse racing. My father's *Manchester Guardian* was no good, but my grandma, who lived across the street, got the *Daily Express,* which devoted several pages to the topic and had the best tipsters (The Scout and Peter O'Sullevan), so I borrowed it from her every day. I made notional bets and kept a record of the returns in a notebook. After three years I was making a regular profit on paper. I also now had some money, from a paper round and from fiddling my daily expenses for food and travel. So I started making small cash bets and all the time I accumulated knowledge of the horses. In the next couple of years, I sometimes worked for wages in the holidays and my betting habit expanded accordingly. My notebook still showed a small profit.

All this changed when I won a scholarship to Cambridge at the age of 18. I discovered that I had read far more Latin and Greek than most of my peers by the time I got there. I was already a skilled translator and that accounted for 80 per cent of the assessment. I was well ahead of the game. So I could devote my time to drinking, playing cards and sports, reading novels, watching movies and betting. The big shock was to get my grant cheque for a term's expenses *in advance*. I now had capital for the first time in my life and I was willing to stake it all on betting. But that meant making a science of it, since I hardly wanted to get thrown out of Cambridge for bad debts. I knew that three variables mattered in an extended betting sequence: the total fund available, the risk of losing it all and the size and speed of individual bets. Most punters have little money and they try to win a lot occasionally. So they lose. The winning recipe is to have a lot of money and to bet to win a small portion often. I devised a method from scratch that has some well-known features, but not well known by me then. They also have well-known flaws and I found my way past those through trial and error.

My basic method was something called a *martingale*, an eighteenth-century French system of doubling up on bets with a 50 per cent probability of winning, such as the toss of a coin. The binomial theorem tells us that the chance of losing such a bet 10 times in a row is 1 in 512 (2 to the powers 0–9). If I placed bets to the value of a 500th of my stake on horses starting at around evens, I had a 0.2 per cent chance of losing the lot. I figured that I could reduce this risk further by drawing on my knowledge of horse racing (six years' worth by now). The next problem was to make these bets fast enough. I decided to bet on all favourites starting between evens and 2 to 1 against. This allowed for the payment of betting tax. Odds-on bets made doubling up on losses more precipitous. Favourites win one in three races on average. I could not afford the time to select bets based on studying form, so I made them mechanically until I reached four consecutive losses. The fifth bet in a losing sequence meant placing a bet around 16 times the original stake to win it back. At this point I slowed down and picked my bets using my knowledge and best guesses. In four years as an undergraduate, the longest sequence I had was seven bets, meaning that the seventh bet cost over 60 times the original stake in order to recoup my losses. It wasn't a pleasant experience, but these extended losing runs were rare.

Operating this system wasn't even the main problem. In Britain the gatekeepers (bookmakers, casinos) have the legal right to refuse anyone a bet. They are especially likely to do so if they believe someone is operating a scientific system like card counting at blackjack or using a martingale on red and black at roulette. When my system settled down, I made an average 8 per cent on turnover. I disguised the regularity of this return by spreading my custom between three betting shops and varying the monthly totals, so that I came across to each as a high-volume punter who didn't cost them much. I stopped keeping a record after a while. I roughly doubled my grant. In all that time, I never worked for wages, took no money from my parents (although I used their home for occasional free board and lodging) and had enough money to pay my drinking bills, buy a lot of books and take two-month holidays in the Aegean.

Spending two years on fieldwork in Ghana ruined everything. I lost track of the British horse racing form and no longer received a regular grant cheque when I returned to write up. I kept betting on the horses at first, but unsystematically and without capital reserves. Eventually, I realised that my net returns were under a few shillings an hour. It made more sense to write my thesis and get an academic job. A PhD is more work than an undergraduate degree anyhow. I was lucky. In 1969, the year I got my doctorate, there were 23 lecturing jobs I could have applied for in Britain, and at least one had no applicants. The fifteen new universities that had just been created were still recruiting and their graduate students had not yet reached the market. The situation turned to one of job scarcity in the 1970s, however. But I had my start in a 'free' profession. Conditions in the universities were relatively benign then, but they soon began to change for the worse.[1]

Economic anthropology

In 2007 I was asked at a conference why I chose to study economic anthropology. I replied that I wanted to save my family from the coming financial holocaust. This was partly true. I have always considered anthropology to be a way of improving my own practical understanding of the world. When I switched from the classics, my first passion was the anthropology of religion, but for my doctoral research I opted to study migrant politics in the new West African nation of Ghana. When I got there, I discovered that it was a police state and nobody wanted to talk about politics. So I turned to the street economy of the slum I lived in. It turned out that my Manchester upbringing had prepared me to investigate the economy more effectively than I knew. In any case, my own economic relations gave me plenty to think about. I never set out to study an economic culture ('Tell me how you do that'), but rather I entered a dialogue with individuals as an actor myself. Thus a woman approached me for a loan to start selling sugar lumps outside her front door. I asked how much she was selling them for. The answer was four lumps for a penny. I told her that she could still make a profit if she sold them five for a penny. Yes, she said, but the other women would beat me up. That is how I learned.

I lived in a criminal badlands and my landlord was a small-time gangster. Betting in Cambridge – not to mention growing up in Old Trafford, Manchester – had already exposed me to the seamy side of economy. Our shared interest in the horses drew me close to the kitchen manager of my college. The incipient

Figure 1.1 Keith Hart plays *owari* in Accra, 1967.

Cambridge underworld consisted at that time mainly of kitchen managers who sold off stolen food to Cypriot restaurateurs and ensured college dinners were so bad that the students would rather eat in the restaurants than consume the meals they had already paid for. There was a budding Italian construction, cement and pizza mafia, some bent policemen, plus touts and ex-jockeys from racing headquarters at Newmarket nearby.

As a teenager, my hero in fiction was Raskolnikov, the deracinated student in *Crime and Punishment* who believed that only a criminal can do something new. So I wasn't a virgin when I decided to cross the line and join the criminal element in Nima, the Accra slum I lived in. I went into partnership with my landlord. The deal was: I put up the cash, he supplied the know-how, I got the field notes and we split the profits 50/50. Try putting that to a research ethics committee. Our main business was receiving stolen goods. I went out with the pickpockets, became a usurer, forged receipts for stolen goods, fenced drugs seized by the police and foreign currency from the soldiers. I was one of the few people, apart from Lebanese shopkeepers, who knew the difference between hard and soft currencies.[2]

We tried 'legitimate' speculation, such as hoarding bags of maize against seasonal price fluctuations. My partner hadn't done this before, but every year the price doubled between harvest time and the following spring. We soon found hidden expenses and worse. First, a porters' ring took a cut just for lifting each bag from the truck onto the ground. The bags needed to be turned out periodically to avoid rot and we had to buy insecticide against the weevils. Then, just when the price had doubled, American PL480 aid (also known as the Food for Peace program) flooded the country with maize and it went back to what we paid originally. To recover our costs, we had to sell the bags on credit with all the hassle that involved. There is more to trade than the headline rate of profit. Moneylending was a failure too. I learned the hard way that it isn't the rate of interest but the default rate that counts (and a penchant for violence, which we lacked). Our core business was profitable, however.

The money I made became an embarrassment. I tried to give it away. At one point I employed seven research assistants; hosted sheep, rice and beer parties; made gifts of blankets and sandals to old people. But this redistribution only boosted my renown as a big man, and the flow of stolen goods increased. There were two social categories in the migrant community I studied – a floating sea of single young men and married elders whose houses were islands of stability in the tide. Without being aware of it, I moved from one class into the other. I did manage to get rid of the money before I left. It just took extra effort.

You can imagine that this hands-on approach to field research posed problems for writing up a thesis. I ended up representing my own experience in the third person. When I finished writing it, I felt that I understood Accra's street economy as well as, if not better than, the inmates. But, like them, I had no explanation for the great events that had shaken Ghana's political economy a decade after independence: the collapse of the world cocoa price, the ensuing scarcity of goods, the army coup which overthrew President Nkrumah. I had been surprised by how easy it was for me to make money and how difficult to get rid of it. I was ignorant of the history which might help me to account for this situation. Ghanaians wore cloth from Manchester, but I had little idea how it came about or what it meant.

I set out to learn more about the history of colonialism and its successor, 'development'. More than anything, I wanted to enter the world of states and international agencies. So I joined an academic consultancy organisation at the University of East Anglia. Before long my conversations with development economists paid off and I was able to transform my Accra ethnography into a means of entering the debates of the day about urban unemployment in the Third World. I was helped in this by moonlighting for *The Economist*, producing regular reports on West Africa. This taught me to write in what I call 'Economese' (how to sound like an economist without any formal training in the discipline). In the process I spawned the idea of an 'informal economy' (Hart 1973), a concept whose interdisciplinary success is still a source of wonder to me. Over the next few decades I worked as a consultant on development policy in the Cayman Islands, Papua New Guinea, Hong Kong (Hart 2002) and West Africa (Hart 1982), while retaining steady employment as a university lecturer in anthropology. I also milked the 1970s housing boom, learning quicker than most that moving often and being indebted over your head as a property owner was a path to riches in times of high inflation.

I kept a gambling stake during my years in the United States (1975–1983), where I moved on to New York's cocoa futures trade and then to dollar-deutschmark exchange rate futures in Chicago. I had a front seat at what became known as 'financialisation', the process whereby finance replaced production and marketing as the main preoccupation of industrial corporations, which I called 'virtual capitalism' in my book on money (Hart 2000: 157–165). When I was asked by the London School of Economics (LSE) to give a Malinowski lecture, I chose the topic of money (Hart 1986). I later became a small publishing and internet entrepreneur as the digital revolution in communications took off in the 1990s (Hart 2009).[3]

I agreed to write a textbook, *Anthropology and the Modern Economy*, but withdrew it because its objective style left no room for my personal engagement with the economy. In choosing a successor, I asked myself what future generations would find interesting about us. The answer seemed obvious enough: the birth of the internet. I recalled the minor success I had had with my Malinowski lecture and started writing about how the digital revolution was transforming money (Hart 2000). There was plenty of me in that book. At the same time, I relocated to France and South Africa, which stimulated me to polish up my knowledge of exchange rates, since in an era of low interest rates, exchange rate fluctuations had more impact on my family's income and assets.

Speculation on exchange rates is of course a form of betting. I first entered this field as a classics undergraduate student in the early 1960s. I discovered while visiting the Aegean that the Greeks and Turks habitually undervalued the other's currency, leaving a margin of up to 20 per cent if one bought Greek drachmas with Turkish lira in Istanbul and the reverse in Athens. This helped to finance my holidays. When I moved from Cambridge to Paris in the late 1990s, most of my income and assets were in sterling and most of my expenditure in francs, then euros. This coincided with an era of very low interest rates, which meant that ordinary savings accounts earned next to nothing. The combination of easy credit and low interest had led to an inflation in asset prices (real estate, stocks) that I believed would eventually collapse (it took longer than I thought). On the other hand, exchange rates fluctuated widely, so I decided to bet on those.

I would like to be as candid about my speculative methods as I can afford to be with what I did half a century ago. But unfortunately I cannot. These were only partly based on what I had learned as a youth. I took a long view on the relative strength of the euro and the pound, so I followed the euro's rise in the 2000s and anticipated its recent decline. Some practices persist, however. I follow only currencies that I have practical knowledge of and a direct interest in. I study fluctuations in exchange rates constantly in order to distinguish strong medium-term movements from more regular fluctuations. God is in the details. My aim in all this is to protect my income and assets by hedging against catastrophic exchange rate collapse; it is not one of accumulation, but on balance I have made minor gains from this strategy. Hence my reply when I was asked why I am an economic anthropologist. I am a teacher for sure, but I learn best when I try to figure out things that directly impact on my own well-being. A youth spent passing exams and betting on the horses was the matrix of this life course. It is based on a dialectic of rationalism and empiricism. I started out as a rationalist and I am more of an empiricist now, but I was never exclusively either.

Making and taking money

According to Oswald Spengler (1918), for the Greeks, number was *magnitude*, the essence of all things perceptible to the senses. Mathematics for them was thus concerned with measurement in the here and now. All this changed with Descartes, whose new number idea was *function* – a world of relations between points in abstract space. Now a passionate Faustian tendency towards the infinite took hold, married to abstract mathematical forms that freed themselves from concrete reality, the better to control it. In economic life, a parallel shift took place from thinking in terms of goods to thinking in terms of money. When a businessman signs a piece of paper to mobilise remote forces, this gesture stands in an abstract relationship to the power of labour and machinery, taking the form of money numbers only in a retrospective accountancy process. Thinking in money generates money. It turns the world into subjects and objects – a few executives and those who follow their orders. Each person either joins the money force or is shaped by it as part of the mass.

So for Spengler, the difference between how the 'masters of the universe' approach money and the cultural habits of people who have very little of it is crucial. The latter still count it carefully as a measure (when they know how to count in the first place), while the former understand that its potential is less tangible. We might make a distinction, therefore, between those who participate in what he called 'the money force' and their victims who don't (Spengler 1918). We could label them the 'makers' and the 'takers' of money. There is some truth in this crude bipolar model, but a focus on gambling breaks it down. For a large number of people without much money, making bets opens up the chance to participate actively in the money force, not just as a passive bystander.

The moneymakers, at least since Frank Knight's *Risk, Uncertainty and Profit* (1921), have been able to distinguish between future threats that are calculable (risk) and those that are not (uncertainty). Whereas to you or me a barn burning down is an unpredictable disaster, insurance companies can assess quite closely the probability of such an event in a given area and share the risk among those willing to pay a premium. This elementary principle was forgotten in the decades of the credit boom, so that the insurance giant AIG undertook liabilities that its assets were unable to cover in the event of a crash. The computer programmes of some banks issuing mortgages could not even simulate a downturn in housing prices.

Yet we were told that capitalism had entered a new and eternally progressive stage, where rational calculation of financial outcomes was rapidly making a unified world market. 'Quants', often with physics degrees, created formulas to take advantage of minor discrepancies in markets (*arbitrage*). Thus insurance against bad weather for Caribbean hotels and against injury to major league baseball stars are two separate things. But a quant might find a mathematical connection between them. A derivative would then be constructed on that basis, and the corporation issuing it would make a lot of money until others noticed and joined in. Soon where two markets had existed, there would be one. And this process was multiplied on a massive scale.

Alexandra Ouroussoff (2010) identified the rating agencies as the principal source for a rationalist belief that the risk of future losses could be known in advance and factored into share prices, whereas corporate executives tend to be empiricists who know that all futures are uncertain. They prefer to float a number of lines and hope that one of them scores big. But their need for investment capital led them to cook their books in conformity with the agencies' expectations. In this climate, the investment banks came to think of themselves as invincible, and Western capitalism took an unsustainable form. Well-established truths, such as what goes up always comes down in real estate markets, were forgotten in the rush for fat salaries and bonuses. Belief in the efficiency of the 'free market', as propagated by an army of economists, journalists and politicians, took hold in the moneymaker class especially. Gillian Tett (2009) tells how she was denounced as unpatriotic by leading figures in the City of London, as well as by her employers at the *Financial Times*, for expressing doubts about the soundness of the market for credit derivatives.

Sometimes books written for the popular market are more revealing than academic texts. One of them was Nassim Nicholas Taleb's *The Black Swan* (2007). Taleb is a homespun philosopher and successful trader in financial instruments.

He holds that unexpected events of large magnitude and consequence play a dominant part in history, especially in the history of markets. Such events, considered to be extreme outliers in terms of probability, play much larger roles than regular occurrences. High-impact, hard-to-predict events with disproportionate consequences go beyond the realm of normal expectations in history, science, finance and technology. The probability of such rare events is not computable using scientific methods, but it is possible to hedge against them. The psychological biases that make people blind to uncertainty and unaware of the massive role of rare events in history have already been discussed systematically in books like this that span popular and academic markets.

Elie Ayache (2010) seeks to refute Taleb in *The Blank Swan: The End of Probability*. According to him, there is no point in seeking to calculate trends in market prices or even to hedge against rare events. The swan is neither black nor white, but rather is a blank sheet on which the proactive trader writes his derivative. Ayache follows Quentin Meillassoux (2008) in arguing for the reinstatement of contingency over probability, a position I have some sympathy for.[4] The book is undeniably difficult. Some reviewers have suggested that it is a philosophical joke (but then French intellectuals do like to entertain). A short article, ‘I Am a Creator’ (the reference is to the movie *Barton Fink*), is more accessible (Ayache 2008). Most traders use the Black-Scholes-Merton model when pricing options, a practice that Taleb thinks is simply wrong. But Ayache has a more dialectical approach. What matters is to make the market while being in it, to be a ‘dynamic trader’. Such a person ‘both makes the market and is dictated (*sic*) by the market’. He can both ‘be an original author and yet be-in-the-market’ (Ayache 2008: 37):

> Market makers are thinkers and creators . . . (They) need both the model and the market. Because they make markets, they need to produce prices as outputs of pricing models. However, because the market is the outside (and cannot be their fabrication) that they should as market-makers-thinkers always be reaching for, they also need prices to be the inputs of their models . . . A market-maker makes a price only in so far as the market makes it. (ibid.: 46)

I will return to this paradox shortly.

Betting religion and the human economy

Looking back at my childish experiment in scientific betting, it seems barely credible that I survived, even less that I prospered a little. What saved me from the martingale was my empiricism. I knew a lot about the horses. I would probably have made more money without my system, but we all need props to judgment. I have learned, however, never to bet on something I don’t know very well. More important, those early forays into gambling gave me a different attitude to money. I did not accept that I was inevitably a victim of the market economy, and I took that attitude to my excursions into economic anthropology. It has been central to a lifetime of learning by doing. I would now emphasise how betting teaches us about money, and that leads me finally to money practices as a form of religious life (Hart 2011).

Religion belongs to a set of terms that also includes art and science. It is a measure of the declining intellectual credibility of the established religions that science, which began as a form of knowledge opposed to religious mysticism, is now more often opposed to the arts. If science may crudely be said to be the drive to know the world objectively and art is mainly a means of subjective self-expression, religion typically addresses both sides of the subject-object relationship by connecting what is inside each of us to something outside. Religion binds us to an external force while empowering us to act as a subject; it stabilises our meaningful interactions with the world, providing an anchor for our volatility.

Rappaport (1999) considered money to be a false religion, preferring ecology to economics as cosmological grounds for a new world religion that is compatible with scientific law. In contrast, I have come to recognise some of money's redemptive qualities (Hart 2000) and to link them to the idea of a 'human economy'.[5] Ethnographic particularism lies at the heart of the idea of a human economy. The basic assumption is that we have to start with people, where they live and what they do, think and want, but we also need to take into account what we all share as humanity. The human economy idea may have its origins in small-scale informal activities and a humanist ideology, but it requires the development of global social networks and ideas, too. For the human predicament is impersonal; there are powerful antihumanist forces in our common lives. So we have to build bridges between local subjectivities and the new human universal, world society. To be human is to be a person who depends on and must make sense of impersonal social conditions.

Lindiwe is a woman of late middle age from Durban, South Africa. She once worked in a factory and is now a domestic worker. She rents accommodation from the municipality; travels to and from work in informal minibuses; and looks after her mother, who receives a state pension, and her brother's young daughters. since he has AIDS. Her teenage sons are unemployed and drifting into crime; her husband disappeared over ten years ago. She sells cosmetics to neighbours in her spare time, attends a prosperity church and has joined a savings club (*stokvel*) there. She owes money to loan sharks but doesn't have a bank account; she shops once a week in a supermarket and at local stores the rest of the time. Note the complexity of her economic arrangements and the variety of sources she draws on, few of them directly linked to South African capitalism. Lindiwe understands her own life better than anyone else. But there are questions she doesn't know the answers to: Why are there no longer mining jobs for the men? Why are the schools failing? Why has a Black government done so little to alleviate poverty and inequality? Lindiwe's plight mirrors my own as a fieldworker in Ghana: somehow we have to bridge the cognitive gap between the street economy and national or global political economy.

The human economy approach does not assume that people know best, although they usually know their own interests better than those who presume to speak for them. An economy must be based on principles to be discovered and articulated. Originally, the Greek word meant household management, with an emphasis on budgeting for self-sufficiency; political economy promoted capitalist markets over military landlordism; national economy sought to equalise the chances of a citizen body (Hann and Hart 2011: Chapter 2). The idea of a human economy is a way – of envisaging the next stage linking unique human beings to humanity as a whole synthesising the historical sequence, house-market-nation-world, in an ongoing process of extending society through the economy. Lindiwe could not juggle all the institutional facets of her life without money. Money and markets are intrinsic to our human potential, not antihuman as they are often depicted. Of course they can and should take forms that are more conducive to economic democracy. Her unanswered questions require a new kind of political education for answers, but one grounded in the circumstances she knows well.

I am still struggling with these issues. But I do know that an economy, to be useful, should be based on principles that guide what people do. It is not just an ideology or a description. The social and technical conditions of our era – urbanisation, fast transport and universal media – should be at the heart of an inquiry into how the principles of human economy might be realised now. I suggest to readers of this book that gambling may often be a ritualised form of engagement with society through money. The difference between a gambler and Elie Ayache's dynamic trader may just be one of degree, not kind. Betting inserts a person into money and markets as an agent who takes and makes them at the same time. There is some satisfaction in that, regardless of profit and loss. Most card games, whether played for money or not, offer a similar experience which, with repetition, may become a source of knowledge and skill with applications well beyond the card table.

I cannot resist ending reflexively with the source of this essay itself – writing. If you recall, writing lies at the heart of Ayache's account of pricing an option. If I once inserted myself as an agent into the world of money through betting, no practice of mine now conforms more closely than writing to Durkheim's (1912) social model of religion. The latter, it may be recalled, argued that religion is a way of making a meaningful connection between what is inside us, our subjectivity, and what is outside and potentially threatens us, of which the greatest force is society. Writing is first a struggle to get something out that was previously an undifferentiated part of our internalised experience. It then becomes a sort of two-way traffic between inside and outside, as we read and correct the object that our subjectivity has made, add new elements and revise some more. Later, we circulate it privately to readers and eventually to the anonymous world of a print or online text. It is a lonely occupation. Nothing ever comes back that remotely matches our effort in excavating a text. Writing is at once a deeply personal introspective act and a ritual that joins us to society as a meaningful actor. I often think of money practices this way, and it was betting that taught me that. As the man said, we make history, but not under circumstances of our own choosing.[6] I am a creator. So are we all creators, or could be if we have the courage or luck.

Notes

1 In an online essay of 2004, I provided a more extensive account of 'How My Generation Let Down Our Students', available at thememorybank.co.uk.
2 I have described these excursions more fully in the essay 'Africa On My Mind', available at thememorybank.co.uk.
3 I launched Prickly Pear Pamphlets with Anna Grimshaw (Grimshaw and Hart 1993) and a mailing list, the amateur anthropological association, or small-triple-a, which was a forerunner of the Open Anthropology Cooperative (http://openanthcoop.ning.com).
4 Having lost my grandfather, mother and sister to statistically remote probabilities in public hospitals, I need no reminding about the power of contingency. I was offered a prostate operation and declined on the grounds that I could end up dead. On being told that the chance was small, I replied yes, but I would be dead.
5 See Hart (2008), Hart, Laville and Cattani (2010), and Hann and Hart (2011).
6 'Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted by the past' (Marx 1852).

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2 The socio-temporal dynamics of gambling

Narratives of change over time

Gerda Reith and Fiona Dobbie

Introduction

This chapter discusses the findings of a longitudinal, qualitative study designed to explore the temporal and social dynamics of gambling. We began the project with the understanding that different types of research inquiry are productive of different types of knowledge, and also different kinds of research subjects. Quantitative surveys designed to measure the prevalence of problem gambling, for example, produce individuals as units of information that are isolated from their social relations and suspended in a particular moment in time, while clinical studies of pathology tend to reify gamblers' behaviours and attitudes in diagnostic screens. These types of approaches to a wide range of social issues are often popular in policy circles where the enumeration of trends and behaviour is often equated with 'objective' knowledge upon which to form 'evidence'-based policy (Olsen 2009).

Increasingly, however, studies have begun to question the essentialist basis of some of these approaches and suggest that greater attention should be paid to the more fluid character of behaviour (Hodgins and el-Guebaly 2000; Slutske et al. 2003). Some quantitative longitudinal surveys have suggested that gambling problems are transitory and multidirectional rather than progressive and static (LaPlante et al. 2008; Slutske, Jackson and Sher 2003; Abbott, Williams and Volberg 2004). As with longitudinal research in general, their aim is to capture the dynamism of social life in a 'movie' rather than simply a 'snapshot' (Berthoud 2000). However, they are based on a concept of temporality, typical of longitudinal quantitative inquiry, in which time is perceived as a linear phenomenon that proceeds through orderly 'stages' from the past through to the present and future. The unit of measurement is the 'spell of time' that people spend in particular states, and this, as Neale and Flowerdew argue, has the effect of turning the movie 'into a series of disjointed pictures or movie stills' (2003: 192).

In this study, we wanted to explore the fluid and multidimensional nature of gamblers' experiences over time, and so adopted a specifically *qualitative* longitudinal approach. Such approaches involve a concept of temporality that is based on context and meaning; grounded in, for example, the experience of turning points and key moments rather than the measurement of states. The focus is on the rich textures of everyday life: 'the subjective meanings and active crafting of social relationships, cultural practices and personal identities and pathways' (Neale and Flowerdew 2003: 192). Returning to the movie analogy, Neale and Flowerdew write that longitudinal qualitative approaches 'offer a "close up" of the fabric of real lives as opposed to the quantitative "long shot" ' (193). Based on this perspective, our study aimed to explore the interplay between the cultural and temporal dimensions of gamblers' social lives, reconnecting the 'lone gambler' with their broader social networks and allowing gamblers to articulate their experiences, attitudes and beliefs in their own words.

Approach

The study was carried out amongst 50 people who lived in and around Glasgow, a medium-sized city in Britain, in the years immediately after the 2005 Gambling Act. The area is characterised by pockets of high unemployment and levels of health inequality that are recognised as some of the worst in Europe (Gray et al. 2012). We initially organised our sample into three groups of people, roughly divided into those who considered themselves 'recreational' gamblers, those who had problems with gambling and those who were receiving professional treatment for problems. We realised from the outset that this categorisation was problematic but adopted it as a pragmatic response to our main concern of managing large amounts of data in a way that would allow us to see how people's accounts of behaviour (represented initially by these categories) changed over time. We discuss this approach in more detail later in the chapter.

Rather than rely on predefined criteria of what might constitute 'problematic' play, we were guided by participants' own articulations of what they found difficult or undesirable in terms of their gambling. For some, this involved episodes of running out of money; for others, longer-term disruption of social relationships. Despite variation in individual accounts, however, over the course of the fieldwork, issues of lost time and money, the undermining of social relationships and loss of trust and even the erosion of a sense of self emerged as recurrent themes in narratives of loss or problematic behaviour.

Participants were purposively selected to ensure diversity in terms of age, gender and employment status and were recruited from gambling venues including casinos, betting shops and bingo halls, Gamblers Anonymous meetings and a local counselling service, as well as through advertisements in local newspapers. We followed our sample for five years (June 2006–June 2011), talking to them at length in their homes and in gambling venues on four occasions, and listened to how their gambling changed over time and how it fitted into, and around, their everyday lives. Interviews were loosely structured by topic guides designed to cover a range of themes and drew on a narrative approach, with the interviewer acting as a facilitator to tease out the factors that had influenced respondents' gambling and the place that it had in their lives. We adopted an iterative approach whereby each interview picked up where the last one left off, returning to explore themes that, in retrospect, the research team thought were significant. For example, the topic of work emerged as important in many people's narratives, and so although we had not planned to discuss it in detail, we specifically raised it as a theme in interviews three and four. In this way, conversations evolved and generated increasing depth during the fieldwork. We ensured interviewer continuity in order to build rapport between the researcher and the researched and believe this contributed to the development of trust over the five-year period, and to the corresponding generation of rich data.

At the fourth interview we used diagrammatic mapping (Pahl 2000) to explore gamblers' social networks. We asked respondents to write their name in the centre of a piece of paper and then add the names of people who were important to them, placing those they felt closest to nearer the centre and those they were less close to farther away. They then added coloured dots to indicate the impact of their gambling on these people, with red for those who had been affected by it, blue for people who had helped them to overcome problems and yellow for those who did not know the participant gambled. An example of this is shown in the diagram in Figure 2.1.

Using these maps as a tool, together with the gambler we then selected a sample of potential social network participants to talk to in a separate interview about their experiences of gambling. This process of respondent-driven recruitment resulted in 15 interviews with the friends, parents, spouses or partners, siblings and children of our original sample. More details on the methodology of the project can be found in a number of publications (e.g. Reith and Dobbie 2011, 2012a, b).

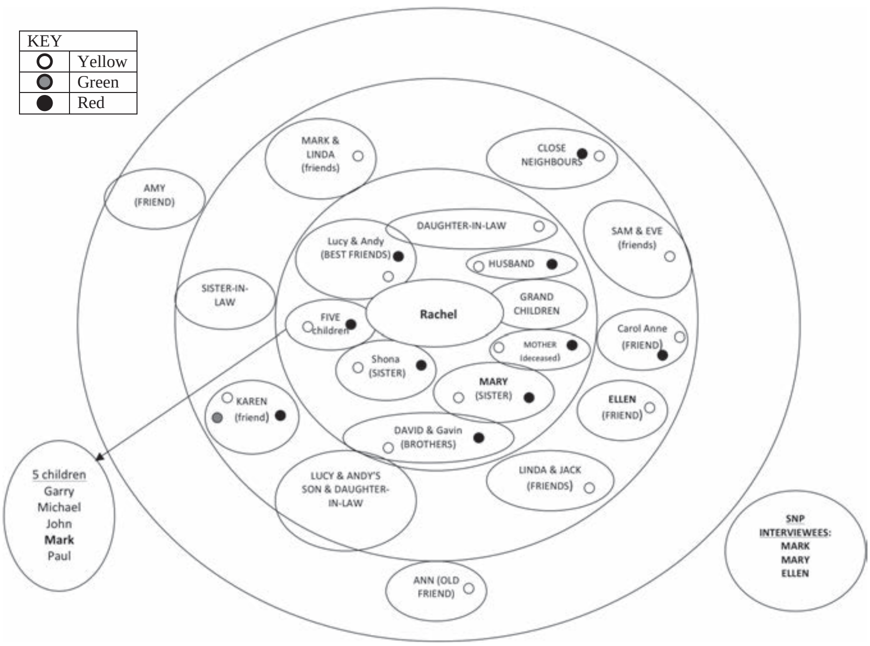

Figure 2.1 Social networks.

Here, however, we sketch its main findings and reflect on the ways we produced the knowledge that we reported on, and how we came to formulate a particular conception of gambling behaviour from that process.

Narratives of change

The most striking finding this research revealed was the high degree of variability in behaviour over time. Although we started the study with three groups of players, five years later it became apparent that respondents' narratives did not fit the categories we had (admittedly tentatively) put them in. Instead, stories about gambling flowed around the categories of 'problem' or 'recreational' gambler, sometimes converging around certain themes before ebbing away again in a fluid, dynamic manner. Over the course of the fieldwork we began gradually to attribute patterns to this movement. It seemed that people organised the shifting, variable experiences of their lives into accounts which, repeated over time, cohered around certain themes. Some people spoke about gambling in terms of a loss of money and time in narratives in which they felt that their behaviour escalated out of control to the extent that it damaged social relations and undermined their sense of self. We described these as 'narratives of progression'. Others spoke of gambling in terms of regaining control of money and time, repairing damaged relations and regaining a new sense of self. We described these as 'narratives of reduction'. A number of people told us – in different ways – about lives that were relatively stable, and in which gambling appeared as a consistently enjoyable activity. We called these 'narratives of consistency'. Finally, some narratives did not seem to have a single overarching theme at all. Rather these described behaviour that was erratic and discontinuous, with gambling that at times was harmonious and controlled and at others dominated by the loss of time and money and the disruption of social relations. This more chaotic arc was frequently matched by descriptions of more chaotic lifestyles in general. Whereas the other narratives tended to have a kind of gravitational pull towards a general sense of progression, reduction or stability overall, these ones described behaviour that was characterised by faster and more unpredictable changes in behaviour. We described these as 'narratives of nonlinearity'.

Narratives of progression

Many people articulated a deep sense of loss – in terms of money, time, relationships with significant others and even sense of self – in narratives in which gambling became progressively more intense and uncontrolled. Alex had gambled heavily on sports, in casinos and on machines since he was a teenager and was recruited to the study through a counselling service when he was in his thirties. He had struggled to control his gambling for many years, and spoke of loss of money as the catalyst to the loss of his relationships with his wife and children. He told us how he had been on a 'downward spiral' for years, which came to a head when his accumulated debts led him to the point of remortgaging his house.

At this stage his partner left him, taking their two children, and he realised the extent of his loss:

> Yeah, I just went home and there was a note saying that she'd had enough of my gambling. I kinda woke up, I realised . . . what a mess my life was through gambling. I owed everybody money, I owed thousands and thousands of pounds on credit cards, bank loans. I was in the process of defrauding my partner's name – getting it on the house – just before she left me.

For Bill, who played machines in betting shops, the losses associated with gambling included his sense of self, and he talked about being overwhelmed by gambling, as if by an external force, that overtook his personality. The sense of disconnect between how he felt he should behave, and how gambling 'made' him behave was clear when he told us:

> I can't stop playing, I can't . . . I just cannot collect the money out of the machine – you've got to press collect, take the ticket up to the desk – it doesn't matter how much I need that money I can't press collect. I've had two thousand pounds in the machine on my daughter's birthday and an hour later I walked out the door wi' nothing. I've had to go and borrow money to pay the clown that I hired for [her] party.

The sense of gambling being separate from and external to the self was given a more material turn by Tom, a casino gambler in his fifties, who visualised his behaviour as an unwanted physical appendage, saying:

> I'd like be able to have that bit of the brain that makes me think about gambling removed like you do a bunion or haemorrhoids.

We were particularly attentive to the role of material factors expressed in these narratives and noted that many people situated increasing tension around gambling in terms of wider changes in social and environmental networks in their lives. In particular, changes in the physical environment, such as moving home or changing jobs, sometimes brought them into closer proximity to gambling venues. Such shifts could also bring them into the orbit of particular social networks, which they described as exerting various gravitational pulls on behaviour, with friends and family encouraging them to play longer, more often or in different ways.

This was the case, for example, with Shakir, an Asian gambler in his sixties who worked part-time in a restaurant. He described the intersection of spatial and social networks when he played in a casino next door to his workplace with colleagues. At first he went only to socialise with his co-workers and female casino staff:

> I got to know lots of young female croupiers . . . . So I started socialising with them, uh . . . I mean got involved somehow because of social contacts, because of staffing, because of going with them, that's how I got involved.

He placed his first bet after three months of watching colleagues play, and this action was a moneymaking venture, tied in with thoughts of his low wages:

> One of these days I said well my wages are £45 this week and um . . . and there are only thirty-six numbers [in roulette] . . . so I started putting a pound on zero all the time. . . At twenty-nine spins the zero came up. After two or three . . . another zero came up, and then two zeros came up in a row. So by that time at thirty-six, four zeros had come up and I was like a hundred and fifty odd pounds. And that thrill, that just . . . there was elation, there was total euphoria.

In this narrative, the intrinsic rewards of the game are interwoven with the routines and social networks that employment creates. Indeed, the line between work and gambling is often blurred here, not only in spatial/temporal terms, but conceptually too. Gambling fits around work but is sometimes regarded as a form of work in itself: another means of making money, as in Shakir's statement 'if it wins you get paid'; and in the balancing of low wages and the chances of winning on roulette.

Machines were a recurrent theme in many narratives, with people speaking of beginning to play them, or playing them more often, in ways that spiralled out of control. The materiality of machines themselves were key here as well, and many people mentioned their design, lights and colours as making an immediate and lasting impression on them. This was the case for Allie, who had gambled on machines ever since she was a teenager and whose forensic description of her favourite one conveyed the impact it had – and continued to have – on her.

> I just picked a machine because the bright lights and the colours. . . . [it] was really simple and it was circles and crosses and there was like black red and yellow and blue . . . the way it moved it was really quite jilty [eye-catching] it came in really fast sort of spinning round for ages kind of tch tch [she clicked her tongue to mimic the noise of the reels] really quite quick so it was quite sharp you know rather than prolonging the sort of the reels, they were really, really quick.

The role of sophisticated technological design in generating intense subjective states has been described in phenomenological analyses of 'the zone' (Schüll 2012), the experience of which our gamblers frequently mentioned. Mike, who gambled on machines in betting shops, specifically implicated these kinds of design features in his road to bankruptcy, telling us of the thousands he lost over a short space of time: 'There's something about them [gambling machines], I think they just suck me in . . . it's as if they're programmed for me.'

Narratives of reduction

While narratives of progression centred around loss, narratives of reduction articulated a regaining of control over time and money and a rebuilding of the self and relationships. Mark, an online gambler in his late forties, told us about losing a quarter of a million pounds over a five-year period, and of being suicidal. However, in his third meeting with us he had stopped gambling and described his newfound sense of agency and, notably, his managing of time.

> I sort of lived on my instincts [before] but now I feel I am in control of my destiny. I am not going to give them [the gambling operator] my money. I am in control of my money, my life, my future. And that feels quite powerful. That feels great.

He described becoming a different person who derived enjoyment from different sorts of things. Notably, he utilised what had previously been 'gambling time' in new ways:

> I've started to think healthily again; started getting more exercise, started to read different books, started to think about my health a bit more, and started to do things other than gamble. I decided to take the time . . . say it was even six hours a day: if I was spending that gambling, if I could spend half an hour of that time going for a walk, instead of gambling that's . . . so much more sensible.

Like Mark, many people in this study spoke of shifts in their feelings about themselves as they regained control over their gambling, with Sharon, a bingo player in her fifties, simply telling us: 'I feel myself coming back.' Elsie, who had lost hundreds of pounds on machines, spoke in similar terms. The second time we met her she had stopped gambling and reported feeling 'happier and a lot more content . . . I'm my own person. . . . I please myself now'. Stopping gambling, she told us, was like being released from 'a life sentence . . . [before stopping] you thought you were living but I wasn't living'. In Elsie's narrative, a reshaping of her physical self – in her case, losing weight – mirrored a growing sense of confidence and autonomy as she gave up gambling on machines. The sense of agency and autonomy expressed in these narratives can be seen as part of a process of biographical reconstruction, in which people regain control of time, their selves and a sense of their future (Charmaz 1992).

As with narratives of progression, changing material and social circumstances emerged as important in narratives of reduction, albeit in different ways. So while many people felt that proximity to gambling venues encouraged them to play more, others thought that moving away from them had the opposite effect. Similarly, some spoke of life events stimulating their gambling, while others felt they discouraged it. These themes coalesced in the narrative of Eva, a 40-year-old divorcee, who had recently become unemployed for the first time in her life. It was at this point that her gambling became problematic, and in her first interview she talked of spending all her children's savings on fruit machines, stealing money and having her electricity cut off. Over the fieldwork period, however, she managed to reduce her playing, and regaining employment played a crucial role in this. Employment ran as a leitmotif through many narratives, where it was talked about in terms of something that provided finances as well as purpose to individual lives. It was clear that work was important to Eva from her first interview, when she told us she felt being unemployed was exacerbating her gambling problem:

> I am not lazy, I am a worker, I have always, always worked, this is the first time I've [been unemployed] . . . I think if I get a wee job and I am out of the house, I would forget all about the machines.

By her second interview she had found a job and had stopped gambling:

> I'm out working now, right, and I'm earning money, cleaning shit and that. And I swore I'm not gonna throw my money away. I don't know, I just, I've not been in [the arcade] for the past four months and I feel brilliant, I feel better for it.

As well as providing her with a source of regular income and boosting her self-esteem, her job filled up the day so she had no time to gamble. Not long after, she also moved house. At her first interview, she had lived next door to an arcade, meaning she could – and did – drop in at any time of day or night:

> Those [machines] were only two minutes away from me . . . I mean, I could be making my dinner [at home], turn it [the cooker] down and run in there [the arcade] in 10 minutes.

Just as many narratives of progression embedded gambling in social and environmental networks, so people who spoke about playing less often placed their behaviour in the context of the distancing of gambling opportunities and networks. By her second interview Eva had moved away and needed two bus journeys to get to the arcade. The travelling acted as a major disincentive which contributed to her playing less.

Many people highlighted social support, in terms of both practical and emotional encouragement, particularly when they had consciously decided to reduce their gambling. It was especially important for Eva, whose (adult) children started to pay their rent money directly into her bank account rather than give it to her, and whose sister took control of her cash cards to help her regulate her spending. All these elements combined in Eva's narrative in ways that enabled her to reduce her gambling, and she was still playing in what she described as a stable way the last time we spoke with her.

Narratives of consistency

Some people's behaviour did not vary much over the fieldwork period. These were not a homogenous group, however: some played recreationally, some played in ways they could not control, and others had had problems in the past and now no longer played at all. A variety of factors were associated with each pattern:

- *Problematic:* It is notable that only two people expressed a sense of continuously problematic gambling over the study period, and one of these dropped out at an early stage. Both these narratives articulated a sense of chaos, in terms of both their gambling and their lives in general. Jack, who had gambled all his life on a range of games, described how now, in his fifties, he was so overwhelmed by gambling that he was forced to live a chaotic, day-to-day existence. Immersed in gambling, debts and related violence, he had lost his job and wife, became homeless and spent periods in prison:

  > I lost the ability to function on a daily basis. I wouldn't get up until three o'clock in the afternoon. I wouldn't go to bed. I didn't sleep properly, I didn't eat properly. I spent my whole day within gambling, and violence, I spent my whole night within gambling and violence.

- *Abstinent:* Others had experienced problematic gambling in the past and had recovered from it, many with the help of Gamblers Anonymous (GA). What was most striking about these individuals was their identification as 'addicts' and their insistence that, even though many had not gambled for years, they could never return to controlled play as they possessed what they described in essentialist terms as an 'addictive personality'. When Mary, a bingo player in her fifties, was asked if she thought there would ever be a day when she would not need to go to GA, she replied:

  > No, no, no, no, it's a lifetime programme, gambling is gonna be in me for the rest of my life, it's just me, I'm just keeping it at bay, there's still a gamble in me yet. That's what a lot of people can't understand how it's a lifetime programme: it's like an alcoholic is always an alcoholic no matter how long they've been sober, it's the same wi' a gambler.

- *Recreational:* A number of people talked about the sociable aspects of gambling, and the enjoyment of meeting with friends when gambling, particularly in casinos and bingo halls. In addition, they spoke of employing various strategies to control their money and time. Alexander, who had gambled in betting shops most of his adult life, was in his sixties when he joined the study and described a life that had been stable: married with children, he had been consistently employed as an engineer for 18 years. He had always been careful with his finances, refusing to play with money he didn't have and never getting into debt. He played mainly for social reasons and looked forward to discussing races and comparing form with friends – having 'a blether [chat] with some of the chaps whom I've maybe not seen for a while', as he put it. He also enjoyed the opportunities for displaying skill and the excitement of winning and was critical of what he saw as nonskill games such as machines. Alexander consciously regulated his behaviour and as a result has had periods where he deliberately cut back because he felt he was starting to spend too much money. At one point he was going to the dog track daily:

> . . . and then I thought this is going to become a problem this . . . I haven't got time. I don't have the money. And I stopped; I cut back then.

In addition, there had been occasions when he lost interest in gambling due to the death of close family members or poor health.

> As I say, I took the heart attack. So that affected my gambling just because I lost interest in it. I had lost interest in a lot of things for two or three months.

By his fourth interview, Alexander was concentrating on recovering from an operation and, as on previous occasions, as he put it, gambling was put 'on the back burner' as his priorities shifted. He recognised that the change was only temporary, however: 'I will go back to gambling again. I enjoy it.' Despite an overall narrative of consistency, Alexander's behaviour is nevertheless characterised by flux as he occasionally increases, then limits, his playing, reminding us that movement and change is constant, even in the midst of the most apparent consistency.

Narratives of nonlinearity

Narratives of nonlinearity articulated behaviour that fluctuated between both increases and reductions in intensity, although in discontinuous fits and starts that were much faster and more erratic than those involved in narratives of progression, on the one hand, and narratives of reduction on the other. In most cases, the themes involved in stories about nonlinear behaviour were a combination of both of these narratives. However, narratives of nonlinearity were also characterised by some distinctive features, namely a tendency for their owners to talk about gambling in betting shops and on machines. We have selected the story relayed by Ben, who had played fruit machines with his friends since his teens and had recently started playing in casinos, as a case study to illustrate some of these themes. At first, Ben told us he liked the status he felt the casino conferred: he enjoyed wearing his business suit, shirt and tie and the respect he felt from the casino staff:

> I was in awe of being in the place and, you know, having somebody that was at your beck and call, 'can you get me a couple of drinks please?'

A couple of years later, Ben's company went into liquidation, he separated from his wife and moved into a bedsit. He began a hospitality job, working long hours, often finishing late in the evening. To wind down he started going to the casino more often and was soon playing there every night. When he found out his ex-wife had a new partner, he told us he went on a two-week 'bender' (binge) of drinking and gambling:

> I was in the casinos every night, that was my . . . my stressed out place to be, you know what I mean? Whereas on the outside everything was hunky-dory

> and 'this is great, I'm separated, fantastic' and I'm having this fantastic life and then, you know, behind locked doors it was like a wee boy crying for his mum.

However, with the help of his family he was able to curtail his gambling and drinking and made the decision to move away from the area so that it would be harder to go to the casino. He carried on playing on machines during this calmer phase of his life, but in a controlled way. But by the time of his third interview Ben was unemployed again, had lost contact with his ex-wife and was unable to see his children. He started spending more money on fruit machines in arcades since, as he put it, there was no point keeping his money:

> I have got no reason to keep the money now. . . because I'm not seeing the kids. D'you know what I mean? I don't need to have ma cupboard stocked wi' chocolate and crisps and juice and all that kinda stuff, you know what I mean? . . . because the weans [kids] aren't coming over.

The last time we spoke with Ben, he was still struggling, with varying degrees of success, to control his life – his access to his children, relationships, finances – and to manage his gambling. This is a narrative of gambling that waxed and waned according to Ben's material and personal circumstances, with intersections of employment and unemployment, family support and relationship problems generating seemingly unpredictable challenges that were expressed in binges of gambling that he felt powerless to control.

Social networks

As well as extending over players' lives, the impacts of gambling also permeate their social networks. This section is based on a brief analysis of the second part of the research and explores the ways that the impacts of gambling cascade throughout these networks, affecting the living standards, relationships and sense of self of those who are close to the players.

Many of the partners, children, siblings and friends of our original cohort told us of the emotional and financial impacts of what they regarded as uncontrolled or problematic gambling. Partners and spouses – typically wives – frequently told us of the detrimental effects of gambling on household finances. In one case excess gambling led to a husband losing his job, while in another a partner used money for betting that was earmarked for household essentials. Both affected the level of income available to families and undermined the financial dynamics of the household. In this way, for example, mortgage payments were not met, partners had to reenter the labour market and children had to forgo school trips, as illustrated by Alice, who had to go back to work to support her young family when her partner could not provide for them:

> When I was 35, I was at a very low ebb, and I needed money. I needed *constant* money: I couldn't do wi' a pound one day and 10 pence the next day, so I went on to night duty because I was always there for my children, you know?

> Even if I was sleeping, I was there. And T [partner] was supposed to be there. Some days, he wasn't.

Some told us that problematic playing was associated with shifts in their own role in the relationship they had with the gambler, often in ways they resented. In most cases, this involved women taking responsibility for the financial and emotional management of households. One woman, for example, explained how she had become responsible for bringing up their children on her own in periods when her husband's behaviour was problematic and he was often absent, while another went back to work and had taken charge of paying the family's bills.

We frequently heard about the negative effects of gambling on players' moods, which, according to those closest to them, made them bad-tempered, aggressive and emotionally detached. Together with the strains generated by financial difficulties, these interpersonal problems trickled through players' social networks and damaged their relationships with the people within them. As a result, relationships between players and others – particularly spouses – were undermined as lack of trust and resentment built up. Catherine was upset by her partner's lying more than by the actual money he took from their relationship, particularly when he pawned items that she had given him as gifts:

> He [the gambler] sold stuff that I've bought him for Christmases and birthdays . . . he's sold [it] to the pawn [shop,] kidding on it's in getting fixed. I can sniff a lie out as soon as he tells me it. Yes, it's the lying: lies, lies, lies.

In some cases, one person's gambling affected another's very sense of self. For example, Elizabeth was overwhelmed with shame by her partner's gambling, and felt so stigmatised by his behaviour that she refused to leave her house in order to avoid having to speak with other people about the situation she and her family were in.

> I was clean and respectable looking, but I didn't have anything nice to wear and I didn't want to mix in company. I didn't want anybody to talk about the low life that [name of gambler] had. I was ashamed.

Some impacts went further, travelling beyond the immediate individual in the gambler's network to affect someone in *their* network. For example, a father spoke of how his son's problematic gambling had placed a strain on his own marriage, and a wife told us how extended family members had blamed her for her husband's problems. Through all of this, we can see the extensive impacts of the behaviour of individual gamblers that fans out and destabilises social relations, as Valentine and Hughes (2008) put it, like 'ripples in a pond'.

Concluding comments

We noted at the start of this chapter how different research approaches produce different types of knowledge, and drew on longitudinal and qualitative methods in an attempt to expand the 'frame' and situate gambling both socially and temporally, broadening the focus beyond the lone individual and reconnecting gamblers with their wider social networks. To return to the movie analogy, it is an attempt to move beyond the 'snapshot' to 'capture the fluidity of life and the ebbs, flows and detours which are continually occurring between movie stills' (Neale and Flowerdew 2003: 193). Such an approach produces a more nuanced picture of gambling and begins to show us how change is lived and experienced by people.

The analysis of gamblers' narratives elicits a view of behaviour that is extremely dynamic: continually moving away from, as well as towards, problems with gambling in ways that are multidirectional and fluid. This focus is also productive of behaviour that is multilayered and social, with a number of interrelated themes running through people's narratives of behaviour change. The context and situation of individual experience is crucial since, as we have seen, similar situations can have both positive and negative impacts on gambling behaviour, albeit in different ways, at different times and for different people. For example, Shakir was drawn into gambling through his job, while gaining employment helped Eva to stop gambling.

From this, we can see that social and cultural relationships and life course events form the backdrop against which attitudes are formed and behaviour changes. Even a brief exploration of their social lives reveals that gamblers are not lone individuals, but are tied up in webs of social interdependencies. The impacts of their behaviour cascade throughout social networks, affecting their partners, children, friends, and – in this study at least – especially their wives. In addition, the games our cohort played are situated within the wider cultural landscape of gambling: in this case, the newly liberalised regime of post–Gambling Act Britain. In this climate, particular configurations of technology and policy have brought new gambling opportunities to players in the form of, for example, interactive online games and new types of machines, played out in an increasingly globalised, interconnected marketplace. In this sense, our gamblers are connected not only to others in their families and communities, but also to wider networks of players operating within international financial and technological systems.

As we noted earlier, longitudinal studies of gambling behaviour – especially qualitative ones – are scarce, although such approaches have been utilised in other areas, including criminal careers, alcohol and drug use and the processes involved in childhood (see, for example, Farrell 2000; Vaillant 1995; Neale and Flowerdew 2003), where they have provided rich insights into behaviour. However, such studies are also limited by some of the problems of longitudinal qualitative inquiry in general, and these also apply to our research. Attrition, the distortion of life experiences through researcher intervention and the complexities of data collection and analysis are all challenges for these kinds of approaches (Saldana 2003; Thompson, Plumridge and Holland 2003).

All of these issues are also relevant to our research. Attrition, for example, affected our study: from our starting cohort of 50 participants, 38 took part in the first three interviews and 28 in the final one. However, the loss of respondents was fairly even and did not, as is often the case (Wohl and Sztainert 2011), show a bias towards the loss of those with the greatest problems. Data management was challenging throughout this project and presented us with a total of 176 lengthy interviews (161 from our 'gambling' cohort; 15 from their social networks). We are also aware that we may have influenced respondents' attitudes through the process of interviewing. For example, a (small) number told us that they had thought about their behaviour in different ways as a result of the process of articulating it in interviews. Of course, this is just as likely to affect one-off interviews, but it is intensified in the repeated conversations in longitudinal research, and significantly, in the latter, the researcher comes back – in our case, three times after the initial interview – to be told about it.

This study aimed to explore the meanings of gambling and motivations for behaviour among a particular group of people, through a series of rich narrative accounts elicited over an extended length of time. In doing this, it also contributes to a wider methodological argument by opening up new ways of looking at gambling that take into account its temporal and social dimensions. Categorical approaches to gambling produce distinctions that suggest fixity and exclusivity: our data show that, on the contrary, gamblers themselves emphasise flux and overlap. Longitudinal and qualitative methods that are sensitive to change and acknowledge the social dimensions of behaviour will produce a richer basis for understanding experiences of gambling that are as complex and varied as the societies they are embedded in and the individuals who enact them.

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3 Gambling histories

Writing the past in the present

David Miers

Introduction: constructing histories of gambling

There are many histories of gambling: social, economic, anthropological, psychological, technocratic, political, legal and biographical of persons and places. They explore the who, why, what and how of gambling: what kinds of gambling games were played at different times by individuals and classes of individuals, and what significance their participation in these games held for them and the societies of which they were members. Some aim to identify the characteristics of gambling games that attract the individual player first to engage and then to persist in the face of repeated losses, and remark upon the social and economic impact to which their engagement led. Yet others consider whether societies should regulate gambling, and if so, how they do so over time; histories also examine what notice governments and regulators should take, if any, of moral entrepreneurs who argue that gambling is, if not always materially harmful, spiritually or morally enervating.

As a form of risky decision making typically having financial consequences for its participants, gambling is an essentially contested notion, the boundaries of which are both porous and problematic. What these histories all share is their authors' desire to construct an understanding of its value for its participants by describing and defining the behaviour within their own (often disputed) disciplinary boundaries, though as will become clear, not all of them do see value in gambling (McMillen 1996). As Munslow has cautioned, reflecting the postmodern critique of historiography (Ankersmit 1989; Jenkins 1991; White 1973), we must be careful, when considering these histories of gambling not to confuse historical narrative with what in fact took place in 'the past': 'the past is the past and history is a narrative written about it' (Munslow 2012: 7). When they access contemporary accounts in parliamentary and other official records, law reports, novels, diaries and biographies, newspapers, journals and other memorabilia, historians do not unearth some buried treasure that is 'the history' of gambling 'History' is not immanent in these sources, waiting for historians to discover and reproduce it as 'the' or 'the most likely narrative *in* the past' (Munslow 2012: 1; original emphasis). 'Doing history' is a process of creation rather than a 'report of findings' (Munslow 2012: 98). This does not mean that a historical narrative is fiction or without reference to what *was* the past. Depending on their reliability, contemporaneous records or artefacts may provide historians with a justified belief that their descriptions of what happened then is an accurate account; but the past does not speak for itself: ‘the past’ and ‘history’ are ontologically separate categories.[1] It is a category error to think, for example, that the value (or not) to be attached to working-class gambling in the nineteenth century is capable of being told ‘through its given history – in other words for what it was’ (Munslow 2012: 1). The social history of working-class gambling is what historians want it to be: justified so far as it can be by what did happen in the past, but constructed in terms of their own understanding, which may of course be problematic, of ‘gambling’ or ‘class’ or any of the other epistemological assumptions on which their understanding is based.

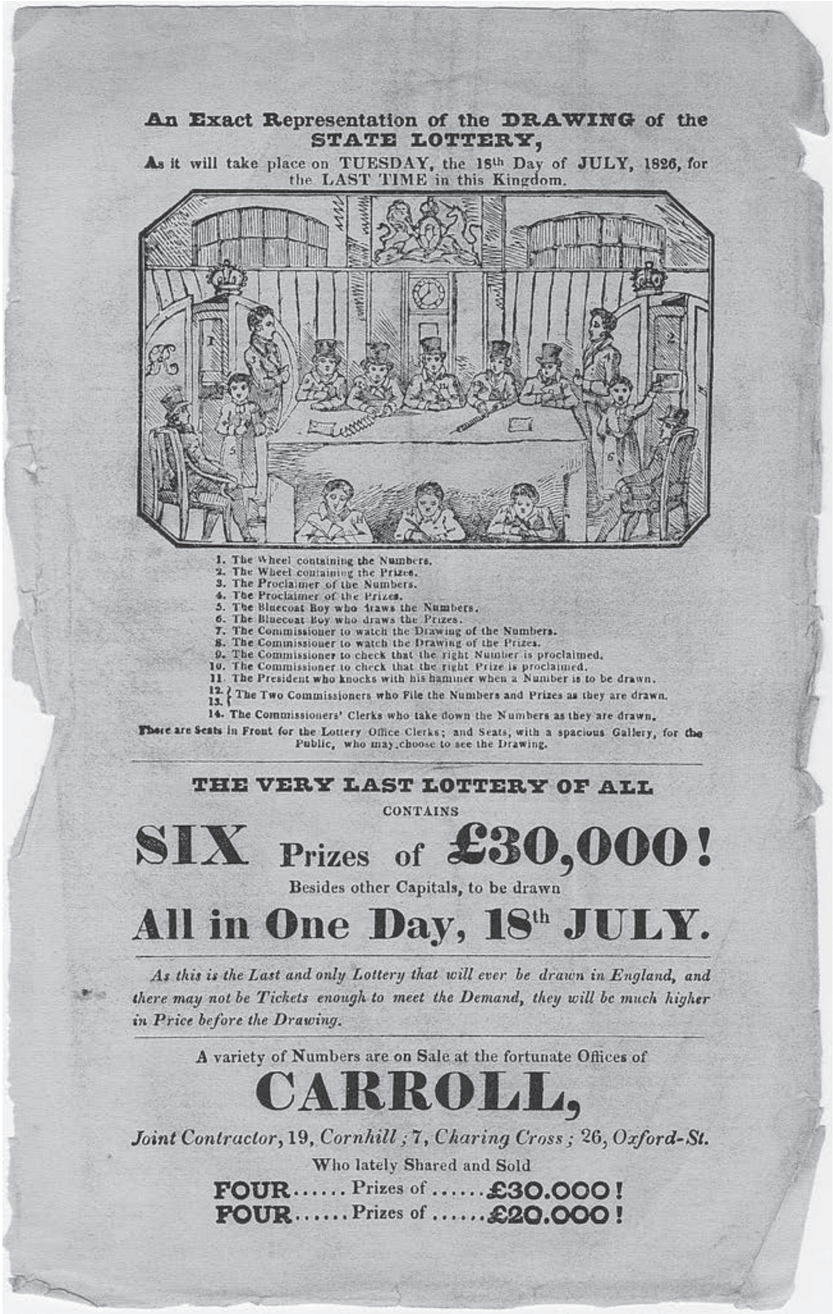
My own interest in gambling’s past and in the histories that have been written about it are located in a lawyer’s desire to understand how and why the state’s legislative responses to a well-established and, for its participants, valued social activity that for others posed a moral and a spiritual challenge were structured as they were. Over time these responses have sought to achieve a variety of objectives: to generate income for the state, to protect the interests of the propertied and commercial classes, to prohibit the working man from dissipating his moral and labour time in the temptations of easy wealth and to facilitate a leisure activity in a regulated commercial market offering gambling facilities that are subject to the same contractual principles as govern any other consumer service. These objectives were, and are, of their time. My justified beliefs in their provenance and in the ideals and the pragmatic considerations that informed them are located in the lawyer’s standard toolbox of official reports and contemporary accounts, together with the constructions that moral, social and economic histories have placed upon them. Recognising that ‘history is a product of the present and not the past’ (Munslow 2012: 137), my narrative focuses on what I see to be the persistence of past understandings of gambling as continuing to figure in the construction of these legislative responses. To understand, for example, why the government’s proposals to permit the construction of eight regional casinos across Britain for the purpose of bringing transformational benefits to the economically depressed areas in which they were to be located so spectacularly failed, one only has to review the historical accounts of Britain’s state lotteries and of the antigamblers’ jeremiads about gambling, discussed below. With gaming machines having unlimited stakes and prizes, these ‘gaming sheds’ provoked almost visceral opposition, much of it based on the aesthetic objection that too many gambling venues coarsen or otherwise lower the tone of the neighbourhood. And in a further echo of the past it was a coalition in the House of Lords, in which the Bishops were prominent, that defeated the necessary government order. A key factor was the Lords’ refusal to accept the proposition that the approval of the (by then only one) regional casino was to be equated with a wholly different matter of policy, urban regeneration (Miers 2007). Not for the first time had opposition to the use of citizens’ gambling losses to fund public goods been instrumental in the making (and unmaking) of law.

The discussion is organised under two themes. One considers the question as to what public and private interests are served by a legal differentiation between gambling and other contracts in which money is put at risk. Here I consider, first, the role of state (or national) lotteries as elements of a government's public finance arrangements, a role that the British government revalidated via the National Lottery etc Act 1993, and, secondly, the use of law to privilege private commercial interests in a capitalist economy over mere speculation. The second theme concerns the social and legal construction of gambling as a leisure activity. Here I consider, first, the competing narratives about the value of gambling to be found in social and moral histories, in particular concerning notions of 'waste'. This is followed by a summary of the government's validation in the Gambling Act of 2005 of gambling's value as an economically and socially productive leisure activity. This short chapter, which concludes with some observations about what the past, and the historical narratives that are constructed around it, offer to the study of gambling, can only touch upon the very substantial and complex matters raised by these questions, which I have earlier discussed at length (Miers 2004).

Public and private interests: lotteries and 'voluntary taxation'

Political history depicts a lottery, perhaps the paradigm of an outcome entirely based on chance, as a wholly reputable mechanism for public decision making where random selection, eliminating judgements about the recipient's worth and thus potential for bias, is to be preferred to any other means of allocating scarce goods, resources or positions (Duxbury 1999; Stone 2011).[2] Economic historians, too, have developed a strong narrative concerning the value of a lottery as a 'voluntary tax' in generating income for communities and states, particularly, but not only, in the absence of compulsory taxation. In eighteenth-century Great Britain the annual state lotteries occupied a permanent place in the government's public finance arrangements. A typical lottery of this period (1796, 36 Geo III c 104) sought to raise £780,000 by the sale of 60,000 tickets at £13 each. The 20,008 winners would share £500,000: three top prizes of £20,000, a lowest prize of £17 and 20,004 permutations in-between; like most other lotteries, this was successful, generating £267,831 13s 10d for the government. This would have been a considerable sum compared with the receipts from such other taxable items as tea, tobacco or fire insurance, together with the revenue from lottery licence fees, postage and other incidentals. Lotteries were similarly employed at this time in Ireland (Dudley 2005) and in the United States to finance the Revolutionary, and later, the Civil War (McGowan 1994).

Historical analyses of state or public lotteries coalesce around three broad points of concern. The first relates to the manner in which the lottery is conducted. In the absence of rules requiring transparency in the size of the pool and the prize structure, the number of lots and of purchasers, and the takeout levied by the organiser by way of administrative costs and by the contribution to the state or good causes (the tax), lotteries are eminently vulnerable to corruption and fraud, amply illustrated by accounts of illegal 'numbers' games in the United States (Reuter 1983; Kaplan 1984). The essential requirement that the probity of the draw



An Exact Representation of the DRAWING of the STATE LOTTERY,

As it will take place on TUESDAY, the 18th Day of JULY, 1826, for the LAST TIME in this Kingdom.

1. The Wheel containing the Numbers.
2. The Wheel containing the Prizes.
3. The Proclaimer of the Numbers.
4. The Proclaimer of the Prizes.
5. The Bluecoat Boy who draws the Numbers.
6. The Bluecoat Boy who draws the Prizes.
7. The Commissioner to watch the Drawing of the Numbers.
8. The Commissioner to watch the Drawing of the Prizes.
9. The Commissioner to check that the right Number is proclaimed.
10. The Commissioner to check that the right Prize is proclaimed.
11. The President who knocks with his hammer when a Number is to be drawn.

12. 13. The Two Commissioners who File the Numbers and Prizes as they are drawn.

14. The Commissioners' Clerks who take down the Numbers as they are drawn.

There are Seats in Front for the Lottery Office Clerks; and Seats, with a spacious Gallery, for the Public, who may choose to see the Drawing.

THE VERY LAST LOTTERY OF ALL

CONTAINS

SIX Prizes of £30,000!

Besides other Capitals, to be drawn

All in One Day, 18th JULY.

As this is the Last and only Lottery that will ever be drawn in England, and there may not be Tickets enough to meet the Demand, they will be much higher in Price before the Drawing.

A variety of Numbers are on Sale at the fortunate Offices of

CARROLL,

Joint Contractor, 19, *Cornhill*; 7, *Charing Cross*; 26, *Oxford-St.*

Who lately Shared and Sold

FOUR...... Prizes of ......**£30.000!**
FOUR...... Prizes of ......**£20.000!**

Figure 3.1 'An exa ct representation of the drawing of the state lottery, as it will take place on Tuesday, the 15th day of July, 1826, for the last time in this kingdom'; ca. 1800–1826. (By kind permission of the Beinecke Rare Book and Manuscript Library, Yale University) be beyond question was demonstrated in the case of Great Britain's eighteenth-century state lotteries, which employed pupils at Christ's Hospital to make the draw: innocence as the guarantor of integrity. In the case of the twenty-first-century National Lottery the televised draw employs a literally transparent drum in which the lottery numbers are mechanically mixed, watched over by an 'independent adjudicator', accountable to, but not appointed by, the regulator, the National Lottery Commission.[3] Corruption, fraud and lottery managers' abuse of their position were some of the reasons why the 1808 Parliamentary Committee 'appointed to enquire how far the Evils attending Lotteries have been remedied by the Laws passed respecting the same' concluded that nothing could be done but to abolish them (House of Commons 1808), as was eventually done in 1823.

The second concern addresses a state lottery's fairness as a tax raising device, albeit one that is voluntary. In the case of a person on a lower income, the purchase of any fixed-price commodity, and therefore of a lottery ticket, is regressive in the sense that it costs proportionately more than it does for a person on a higher income. The concern is that as a means of raising public finance, state lotteries violate the principle that the funding of public and semipublic goods should be based, wherever possible, on progressive taxation. In the United States state lotteries have since the mid-1960s occupied a permanent, albeit limited, place in the funding of, for example, public education and health services (Kearney 2005). In the United Kingdom the National Lottery has for nearly two decades funded a range of 'good causes' centred on the arts, sport, the heritage, and, in 2012, the London Olympic and Paralympic Games. While a state lottery's degree of regressivity may vary (Oster 2004), it has also been suggested that the amenities that are funded from its income are more commonly associated with higher socio-economic groups than those who typically purchase the tickets; in short, that they result in a redistribution of income from less to more wealthy taxpayers (Price and Novak 2000; Perez and Humphreys 2011).

As a means of generating public funds state lotteries present other operational concerns: revenue reliability and predictability ('lottery fatigue'), the substitution effect (does lottery revenue add to or substitute for state spending on public goods from general taxation[4]), and, not least, their high takeout rate and thus very poor return to the player. And they have also presented, thirdly, philosophical concerns. Because they bring the player wealth through the exercise of a belief in luck and chance rather than through labour, moral histories have generally accorded state lotteries a bad press. They are regarded as objectionable because they undermine 'certain imperatives of our culture, particularly those concerned with what has been called the Puritan ethic, a set of postulates about human existence which maintains that man should prosper and enjoy the good (i.e. conspicuous consumption) only by means of his own efforts, and not through the sheer intervention of chance or providence' (Geis 1979: 222). An important strand in the abolitionists' case during the first decade of the nineteenth century was that the continuation of the state lotteries was inconsistent with the development by the working classes of the proper attitudes to work and leisure, a sentiment that nearly two centuries later had a similar importance for those who opposed the introduction of their successor, the National Lottery.[5]

A twentieth-century variant on this theme is that state lotteries encourage individuals to opt out of attempts to resolve collective problems, fostering the belief that their salvation lies in the determination of outcomes that have nothing to do with the conditions that have given rise to economic hardship or difficulty. Associated with this is an objection, for a time a relevant consideration for Labour governments, that a national lottery is inconsistent with socialist aspirations for the redistribution of wealth, since it permits large and, by definition, entirely random accumulations of capital. Indeed, so far as such capital might accumulate in the hands of those who would benefit under a programme of wealth redistribution, they are objectionable precisely because they have not been occasioned by the application of any principle of social justice. But the government of the day was not unduly troubled, and the policy debate about the National Lottery was dominated by answers to the more agreeable question—how to distribute the substantial proceeds that all assumed would inevitably flow from its introduction.

Public and private interests: gambling contracts and the logic of capitalism

According to section 9 of the Gambling Act 2005 a person is ‘betting’ when s/he takes or accepts a bet on ‘(a) the outcome of a race, competition or other event or process, (b) the likelihood of anything occurring or not occurring, or (c) whether anything is or is not true.’ The bet, in money or money’s worth, is what the law requires as the consideration for the contract to exist; it is made by the bettor in exchange for the other party’s promise to deliver an uncertain, but typically greater, sum of money, conditional on some eventuality. That they are uncertain in amount and conditional on events does not make aleatory contracts, that is, contracts based principally on chance, in themselves objectionable. As we have seen in the previous section, lotteries are widely regarded as reputable, state-sponsored revenue-raising activities with responsible, sometimes patriotic intentions. But what value should the law place upon private contracts in which individuals put money or other property at risk for no reason other than the hope of a greater return? Should the law countenance such agreements and enforce them at the suit of the contracting parties? What threat might the potentially anarchic properties of gambling pose to the distribution of resources based on more conservative principles of class and vested interest?

These questions were repeatedly asked during the eighteenth- and early nineteenth-centuries as gambling contracts threatened landowners’ property and the commercial interests of the newly emerging mercantile class. Although achieved only after considerable judicial and legislative intervention, the historical narrative indicates that the law indeed placed greater value on property and commerce than on the parties’ contractual expectations. Throughout the eighteenth century gambling contracts were enforceable, but in order to protect the propertied classes, remedial statutes enacted in the 1740s provided that the securities on land that were transferred during gaming transactions were not. Moreover, as the loser was entitled to recover his losses over £10, there were no significant financial consequences from a losing bet, although a gambler who did not honour his gambling debts would suffer social, if not legal, criticism. The second quarter of the century saw a massive expansion in speculative marine insurance, widely regarded by commercial interests as a form of gambling that carried a significant risk for the underwriter. This, too, was in part stemmed by legislation in 1746, which invalidated such contracts where the policyholder had no 'insurable interest' in the ship.[6] This provided the model for the Gambling Act 1774, which outlawed another common speculative practice: betting on others' lives.

In differentiating between gambling and commercial contracts, economic and legal histories treat these two acts as key markers in the ascription of legitimacy to capitalist transactions (Downes et al. 1976; O'Malley 2004: ch. 5). The need to invest capitalism with a moral component and thus to separate gaming and wagering contracts from commerce meant that 'drawing the line between gambling and other forms of financial risk had particular urgency during the Victorian period' (Itzkowitz 2002: 121). Adopting Adam Smith's separation of the private from the public economy, the 1844 Select Committee on Gaming concluded that if 'private individuals choose to make wagers with each other, there seems no good reason why they should be prevented from doing so, or why they should be punished for so doing'; equally, there did not 'seem to be any sufficient reason why the valuable time of the courts of law should be consumed by adjudicating disputes which arise between individuals as a result of these wagers' (House of Commons 1844: v–vi). In withdrawing legal recognition from wagering contracts section 18 of the Gaming Act 1845 reinforced both the legitimacy of commercial expectations and the integrity of the law of contract in their formal enforcement. But as their forms developed later in that century to include trading in futures, gambling masked as speculation was again perceived to undermine the legitimacy of capitalist transactions (House of Commons 1895, 1898; Dewey 1905).

The social and legal construction of gambling as a leisure activity: notions of the use and of waste

Social histories offer rich and colourful narratives concerning the common and unexceptional nature of gambling in the sporting life of the largely rural society of late eighteenth- and early nineteenth-century Britain. But 'leisure' is a social construction mediated by the demands of 'work', and in the social and economic conditions that prevailed in early nineteenth-century Britain the public, gregarious, inebriated and often riotous character of working-class gambling was not compatible with the new working requirements. These comprised labour discipline and working methods that replaced task-oriented work with time-oriented work: 'leisure' time was reconstructed in terms of the working day rather than the completion of tasks. For the Victorian governing classes a pressing matter was what would and what should the workers do when they were not at work? To counter their concern that the devil makes work, such as political disorder, for idle hands to do (Clarke and Critcher 1985), the desired answer was education and self-improvement. This found expression in an increased interest in the leisure activities of the lower classes, in what

Bailey (1978) terms the pursuit of rational recreation, which should be purposeful and pursued as part of a work-oriented value system.

Many of these social histories aim to analyse the value to British social life of horse racing and, by the last quarter of the nineteenth century, of the national dominance of horse race betting with bookmakers. Horse racing had always been an integral part of social life, both for the leisured elite and for the rural working classes, many of whom were the horse owner's employees or tenants, and for whom race meetings provided a focal point of regional identity (Huggins 2000).[7] But advances in the technologies developed by Victorian industry provided the engine for the commercialisation of horse racing and bookmaking. Of these a contemporary account notes, 'The construction and wide extension of railways, the facility, rapidity and safety with which horses are conveyed in boxes to the scene of action and back to their training stables, and lastly, the electric wire, have revolutionised the whole system of racing and training, early maturity and quick returns being at present the order of the day' (Kent 1902: 135). The railways' growing network in the last quarter of the century combined with their relative speed permitted spectators, who would otherwise have to walk or proceed by horse and carriage to attend meetings, to travel further and in some comfort, a demand that the railway companies were quick to exploit via the 'racing special'. The railways also accentuated the growing professionalism and specialisation within racing. Leading jockeys 'could enhance their positions by riding at more meetings; the best officials similarly could act nationwide; and owners could select their training quarters without regard to the proximity of a racecourse' (Vamplew 1976: 33). Whatever the variations in the number of race meetings and of punters willing and able to travel to them, growth in on-course betting would always be structurally limited by the simple fact that in the absence of communication between racecourses, no punter could bet at more than one meeting at any one time. Concurrent betting at a number of meetings, as distinct from consecutive betting at one, became possible with the completion of the electric telegraph system in the 1880s. These technological advances both facilitated and were carefully exploited by the 'mighty work of the bookmaker' (Stutfield 1889: 846), who, for the antigamblers, and notably the National Anti-Gambling League, in turn exploited the weak and the vulnerable working-class gambler (Dixon 1991).

In his discussion of cultural attitudes to betting in the interwar years, Huggins notes that despite their usually limited direct experience of betting, the antigamblers 'were strong in their socially constructed, mutually reinforcing and self-confirming opprobrium, employing dominant discourses painting punters as "ignorant dupes," "feckless," "reckless," "thriftless," "wasteful," "weak-willed" and "selfish" ' (Huggins 2007: 285). A particular aspect of these assessments relates to its application to children and young persons, especially in the context of the expansion in the 1930s in the availability of gaming machines. The judgement that playing on a fruit machine is of less value than the pursuit of healthy outdoor sports (in contrast to a dingy amusement arcade) illustrates a persistent theme in moral histories' narratives: that gambling transactions hold no value but are a 'waste' of what is 'the good': the player's time and money. It is important to stress that the notion of 'waste' was not confined to material loss, what the antigamblers identified as boys and girls losing their pocket money on these machines. The waste of their time was also a spiritual loss (Reith 1999: 82). The late Victorian antigamblers, for example, were strongly of the view that the spiritual waste implied by working-class gambling was both symptomatic and productive of Britain's economic decline at the end of the nineteenth century (Dixon 1991: 53–63). These ideas have endured. Notwithstanding evidence that video gaming can be valuable both for children's education (Squire 2011) and, in common with their participation in such gambling activities as bingo and casino games (O'Brien and Witcher 2004; Zaranek and Chapelski 2005), for social interaction among the elderly (Quandt et al. 2009), populist criticism of the recent phenomenon of social gaming has focused on what it perceives to be a waste of time,[8] and in an echo of the past, as encouraging an undesirable taste for gambling (King et al. 2010).

The social and legal construction of gambling as a leisure activity: the Gambling Act 2005

The *official* perception of the social and commercial value of gambling has, however, radically changed. Regarded at the beginning of the twentieth century by the National Anti-Gambling League as a pernicious and morally debilitating habit, when taken in moderation 'gambling is now widely accepted in the United Kingdom as a legitimate entertainment activity' (House of Commons 2012: para. 5). No longer 'derelict, immoral or criminal' (Campbell and Smith 2003; Pierce and Miller 2007), gamblers came to be valued as consumers in the New Labour government's vision of a service economy in which citizens have yet greater choice in how they spend their leisure time and money. One element in this vision was the Gambling Act 2005,[9] the product of a substantial review conducted in 2000 whose purpose was to determine how the state should respond to the growth of e-commerce and the use of the internet to supply gambling products and to gambling's costs, benefits and social impact, and how the dated but extensively deregulated gambling legislation might be recast (Department for Culture, Media and Sport 2001: para. 6). The Gambling Review Report commenced with a very clear statement of intent: to simplify the regulation of gambling and to extend choice for adult gamblers (Department for Culture, Media and Sport 2001: para. 1.1). Competition would 'create a more open and competitive gambling sector', giving 'better choice for consumers and enhanced opportunities for business both in the UK and abroad' (Department for Culture, Media and Sport 2003: para. 1.78), while regulation would be 'confined to what is necessary to keep crime out, protect the vulnerable, and ensure that gambling products are fair to the consumer' (Department for Culture, Media and Sport 2002: paras. 9–10).[10] The unambiguous indication of gambling's legitimacy are sections 334 and 335 of the 2005 act, which, in repealing section 18 of the 1845 act, consigned the unenforceability of gambling contracts and securities for them 'to history' (Department for Culture, Media and Sport 2001: para. 6.22). Whether punters and operators will sue upon their contracts is an open question. What is important is the normalisation of gambling contracts, a process in which the National Lottery, enacted a decade earlier, has performed a leading role.

Conclusion: gambling history and the persistence of definitional uncertainties

Late twentieth-century sociological interest in gambling has emphasised its various functions within a capitalist economy: providing socially legitimate opportunities for increasing and accumulating wealth, delineating and, as noted earlier, in some cases blurring distinctions between work and leisure, and facilitating an alternative life choice for the dispossessed and the disengaged (Rosecrance 1988: 71–87). Abt et al. (1985) analysed gambling as a culturally defined and socially managed form of risk-taking behaviour, a theme that is evident also in Reith's elegant analysis (1999) of the conscious use of chance as a means by which we come to terms with an uncertain world. Gambling is at once meaningful to insiders and meaningless to outsiders (McMillen 2007), and in a strong echo of the past, there remains a vocal critique of what some regard as an undesirable expansion of opportunities to gamble and the state's complicity in what appears to be, at the least, an irreducible level of problem gambling (Adams 2008; Orford 2011). Implying too close an interest in their citizens' gambling losses, this critique is particularly acute for governments where their redistributive policies are in part funded by state lotteries and, as noted in the introduction to this chapter, to the development of regional casinos in the United Kingdom. During the discussions that preceded the introduction of the National Lottery, for example, the British government was keen to distinguish it from gambling, which had a largely negative public perception and, at the time, remained subject to a strict regulatory regime focused on crime and disorder. The Lottery was to be of a different nature, addressed to a different market 'and not to be thought of as gambling in the same way' (National Heritage Committee 1992–93: col. 5).

Closely linked to the government's perverse view that the Lottery is not a gamble because its outcomes are 'absolutely a matter of chance, and there is no skill involved in the decision which the individual player takes' (National Heritage Committee 1992–93: col. 5) is the definitional uncertainty about the relationship between gambling and other transactions in which money is put at risk. The affinities between gambling and 'the more speculative areas of commodity and financial markets' have long been a matter of comment, often for the purpose of criticism, irony or rhetoric (Itzkowitz 2002: 124). Histories stigmatising speculators as gamblers are most closely associated with the antigambling groups of the early twentieth century but have recently been reprised. Notions of 'casino capitalism' and of a 'casino culture' were widely used to criticise the freewheeling financial markets of the 1970s and 1980s (Strange 1986). In 2010, Vince Cable, Member of Parliament and Secretary of State for Business, Innovation and Skills in the British coalition government, bracketed bankers in the same category as 'spivs and gamblers' in an article in *The Telegraph* newspaper.[11] In the two years that have elapsed since Cable made these comments, bankers have continued to provoke huge public criticism for their contribution to the global banking crises of the early twenty-first, the LIBOR-fixing scandal, and bonus culture. With their echoes of much older concerns, debates about the ethics of the financial markets and of their practitioners reveal the importance of gambling histories in understanding shifts in the boundaries between legitimate and illegitimate risk taking viewed as part of the wider political economy. Deconstructing history (Munslow 2006) means that we must be careful about such phrases as 'what studies of the past can tell us about the present' or 'the lessons of history'. Those studies and those lessons are not what the past tells us, but what the author tells us. As historians, we must always remember that we are a part of these stories rather than detached observers. We create them and partake in them in the same way as do gamblers and bookmakers, bankers and politicians.

Notes

1 As I write this, archaeologists (historians) have confirmed that DNA analysis shows that human remains unearthed from a provincial car park in England are those of King Richard III. This has reignited speculation about the history of the last, and congenitally disabled, Plantagenet king

2 This method will be viewed as inappropriate in cases where the allocation of resources is considered to be properly based upon some substantive principle of justice, such as merit or need, as in the criticism in the United Kingdom that scarce health resources ought not to be distributed on the basis of 'a postcode lottery'.

3 See 'Making Sure Draws Are Fair', available at http://tinyurl.com/cwf57hf.

4 And see the specific objection that the Olympic Lottery, established by the Horserace Betting and Olympic Lottery Act 2004, would divert proceeds from the National Lottery and thus from the good causes it funded; HC Debates, vol. 416, cols. 446ff (8 January 2004).

5 See, for example, contributions by the Lord Bishop of St Albans, HL Debates, vol. 546, col. 414 and Lord Allen of Abbeydale (a former Chairman of the Gaming Board for Great Britain) col. 444 (27 May 1993).

6 That is, having no financial interest in the safe passage and arrival of the ship and its cargo to its contracted destination. Because his only interest was that the ship would not survive the journey, the gambler had eliminated the risk against which the legitimate use of insurance was set; all that he stood to lose was, on the ship's safe arrival, his bet. See also Randalls's chapter, this volume.

7 Anthropological analyses of the social and class structure of those who engaged in and organised horse racing reveal how breeding and backing a winning thoroughbred was a means by which its owner could assert the superiority of his stables, and, by extension, his family and the hereditary principle (Cassidy 2002: 140–160).

8 For examples of such sentiments see http://www.globalshapers.org/news/social-gaming-waste-time (accessed 5 July, 2013) and http://www.nzherald.co.nz/technology/news/article.cfm?c_id=5&objectid=10693382 (accessed 5 July, 2013).

9 A second was the Licensing Act 2003, illustrating both this vision and aspects of the 2005 Act's regulatory structure, which famously sought to bring a 'café culture' to the public consumption of alcoholic beverages.

10 These objectives are reflected in the three licensing objectives set out in section 1 of the 2005 Act: '(a) preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime, (b) ensuring that gambling is conducted in a fair and open way, and (c) protecting children and other vulnerable persons from being harmed or exploited by gambling

11 'Vince Cable Attacks Bankers as "Spivs and Gamblers" ', *The Telegraph* (22 September 2010). A search of 'bankers as gamblers' on Google in March 2012 yielded over 20

webpages. That the offending bankers or their banks' logos were often pictured alongside a roulette wheel, with its implication of reckless spending constituted an irony not lost on the casino sector, which, in Great Britain at least, operates under a strict regulatory structure that precludes manipulation of the rules of the game.

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Part II

Border crossing

4 Croupiers’ sleight of mind

Playing with unmanaged ‘spaces’ in the casino industry

Andrea Pisac

Croupiers in the Slovenian border town of Nova Gorica occupy the worst of both worlds. They have worked hard at a ‘shady’ job but now struggle to make ends meet. Those who started out in the early 1990s, at the peak of the country’s casino industry, remember the days of ‘hope and glory’. Though the job of croupier was perceived ambiguously from the outset – with a mixture of fascination and wariness – many were drawn to casinos if only as a temporary fix to their financial challenges. Luka, a senior croupier with 20 years of experience, recalls a feeling of accomplishment upon receiving his first paycheck: he was in his early twenties and making five times his father’s salary. Money, however, was not the job’s only attraction. Sasha, a croupier trainer, felt a genuine excitement for being part of the burgeoning casino business. As Slovenia broke free from a socialist economy, political and legislative changes supported the growth of an industry that used to cater for a small elite of foreign customers. With minimal investment in marketing and customer service, Nova Gorica during the 1990s would receive as many as 10,000 guests a night from neighbouring Italy. Working in a casino appeared to offer a lucrative career in a growing industry.

Many croupiers today describe a sense of disillusionment. After two decades at casino tables, they earn not much more than an average Slovenian salary. The ‘dirtiness’ of the job, which high salaries used to compensate for, persists: dubious reputation; a working schedule disruptive to their health, family and social life; harsh abuse from players and a sense of underappreciation from the casino management. They hate *doing* their jobs. And yet they are proud of *being* croupiers. Many describe this situation as being caught in a double bind. In this chapter I explore how they find and negotiate the ‘spaces’ in between those paradoxical positions; how can they stay and leave at the same time?

In the film *Croupier* (Hodges 1998), the main character, played by Clive Owen, says: ‘You have to make a decision in life; be a gambler or a croupier.’ What if the boundary between these two practices and worldviews is not absolute? By charting career stories of three croupiers, this paper juxtaposes their scripted and routinised work in a casino with how they ‘play’ with and symbolically refashion such constraining job conditions. Although much ethnography is set in a casino (a designated ‘playground’ for many games), here play refers to a mode of meta-communication (Bateson and Bateson 1972a), in which meanings conferred from messages routinely meaning one thing when embedded in an affectual context, can be understood quite differently. Stories and life courses resulting from this reframing of meaning inhabit what I refer to as unmanaged 'spaces' (De Certeau 1984; Gabriel 1995): material and mental interstices where behavioural scripts demanded from croupiers can be played with rather than simply followed or rejected. These spaces, where being a croupier is both fulfilling and depressive, where guests bring both laughter and rage and where casino management are seen as both silly and scary, offer croupiers stories and practices with which to squirm free from the double bind with a sense of moral victory.

Casino dream world: between scripted routinisation and rebellious resistance

Dressed in smart uniforms and poised behind casino tables, croupiers are employed in a double role: they are both organisational front – representing 'the house' to players – and emotional buffer between players and the house. In other words, they are there to make players feel special, and to absorb their anger and malice when they are losing (Sallaz 2009: 40). In both positions, a croupier's job involves finely honed yet intangible skills of successfully managing emotions.

In her seminal book *The Managed Heart*, Hochschild (2012) introduced the concept of emotional labour to describe the process of routinising workers' personal interactions with customers. Since then, much scholarship on labour processes has focused on the production and regulation of emotions in service jobs (see, e.g. Ashforth 1993; Cahill 1999; Guerrier and Adib 2003; Leidner 1999; Steinberg and Figart 1999; Wharton 2009). Hochschild writes about 'feeling rules', referring to an appropriate type and amount of emotion that should be experienced and displayed in various contexts. Studying emotions as socially embedded – that is, acting on the self as well as on the other(s) – echoes a wider reconceptualisation of affect in social exchanges (Richard and Rudnyckyj 2008; Lutz and White 1986). The growing importance of customer service as a mechanism of product differentiation is among the reasons for the proliferation of research on emotional labour. To attract and retain clients, labour has increasingly been organised around emotion management: both of the employer performing the labour and of the customers to whom the emotions are addressed (Steinberg and Figart 1999).

Hochschild largely viewed emotional labour in service work in terms of control over employees' 'true self', which in turn often caused 'emotional dissonance' with their 'real' emotions. Studies that followed critiqued the notion of 'authentic' emotions as bounded and pre-existing to a social context. Bolton and Boyd (2003) pointed to more types of emotional relationality at work than just scripted and controlled: for example, they wrote about the 'philanthropic' set of emotions that could be practiced alongside the prescriptive ones. Responding to Hochschild's argument about 'emotional dissonance', caused by 'acting like a phony', Leidner (1993) argued that extreme standardisation of interactions with customers made it easier for McDonald's workers to establish psychological distance and protect themselves from being mistreated. Sallaz (2002), who worked as a blackjack dealer, depicted croupiers as having considerable autonomy as emotional experience providers. He portrayed ways in which they, against 'the house rules', either overextended or withheld emotional labour from gamblers in order to procure a tip. Finally, in their study of overseas tour reps Guerrier and Adib (2003) pointed to how the boundary between professional and private emotional relationality can be porous.

Much of this criticism has focused on how service workers respond to the demands of emotion management: whether they conform to prescribed 'feeling rules', resist them, or negotiate various degrees of autonomy in-between. Working through this tension is predominately perceived in terms of emotional skills. However, a croupier's job also requires an extraordinary technical skill – handling chips and cards and perfecting body language to such minute details that many refer to it as art. Croupiers master, in their training both tangible and intangible aspects of their performance (Austrin and West 2005). How they feel about their technical dexterity cannot be separated from how they feel about managing emotions in a casino and by a casino. In this paper I argue that emotion management towards self and the casino can be practiced not only beyond the conformity/rebellion dichotomy, but also by invoking it in a playful way. The career stories of three croupiers demonstrate that feelings about one's work can evoke a sense of both achievement and futility, and that such emotional double bind can be resolved not by 'choosing sides' – one feeling to act upon – but instead by playing with meanings and practices typically expected in such situations. In this sense, the unmanaged spaces of the casino floor and industry, where such play occurs, resemble the recent blurring and spillages between serious, productive work, such as finance, and wasteful play (Goggin 2012), or the convergence between gambling and gaming as described by Cassidy in this volume.

In addition, by focusing on croupiers' career stories spanning over 20 years, I show the fluidity of their emotional relation to work, organisation and customers. In the past eight years, the Slovenian casino industry has experienced a slow decline, which greatly contributed to how croupiers perceive their position within the organisation. I will refer to these changes as a moral breakdown. Zigon (2007) argues that when everyday moral dispositions are ruptured, a person experiences an 'ethical demand'. This can be either a tangible action or a change of attitude. And since the situation of a double bind (discussed shortly) seems paradoxical in terms of logic, the resolution is found in a space of play, spontaneity and fantasy – 'a kind of organisational dreamworld' where emotions prevail over rationality and pleasure over reality (Gabriel 1995). This is illustrated in my description of how three croupiers responded to a paradoxical situation of both loving and hating their job, which follows after a short comment on methodology.

Methodology

The ethnographic data presented in this paper has been collected over 15 months of research during which I was based in the Italo-Slovenian borderland. Today's border divides (and connects) Italian Gorizia and Slovenian Nova Gorica, enabling dynamic economic and symbolic exchanges which have been reshaped by historical and political events that endure in various forms. The geographic position and a range of socio-political and legislative factors contributed to Nova Gorica developing into ‘a European Las Vegas’: a small town of around 15,000 inhabitants, boasting two large hotel-casinos, owned by the Slovenian casino operator that I will call ‘Ventura’, and a dozen gambling halls.[1] More than 85 per cent of gambling customers are Italians (*Euroslot* 2009), while croupiers are recruited from the local population.

Instead of becoming a croupier (like Sallaz) I approached Ventura and asked to observe a four-month-long period of croupier training After some negotiation, I was allowed to enter the mock casino in the basement of the Ventura offices, where I met several senior croupiers. One of them was Sasha, the trainer. This eventually led me to Luka, who has been my main informant for the duration of the fieldwork, and to his friend Vesna. I met them on average twice a week, collecting more than 20 semi-structured interviews with each. These conversations revolved around two major themes, or proto-stories: being proud of the way they have been trained, and feeling constantly underappreciated by the Ventura management. The interview data was complemented with media coverage of croupiers’ strikes and several reports on gambling conducted by local researchers, which were commissioned and financed by Ventura.

Trickster croupiers

> ‘They’re trying to kill me,’ Yossarian told him calmly.
> ‘No one’s trying to kill you,’ Clevinger cried.
> ‘Then why are they shooting at me?’ Yossarian asked.
> ‘They’re shooting at everyone,’ Clevinger answered.
> ‘They’re trying to kill everyone.’
> ‘And what difference does that make?’ (Heller 1999: 25)

I remember what Luka first told me about being a croupier. We were in the café Dolce Vita at Perla casino when he said, ‘It’s like being a gladiator, you face the enemy head on.’ ‘Enemy?’ I asked. He nodded. ‘Every gambler is an enemy.’ After 17 years at the job, Luka felt worn out. Yet when we spoke of how he handles gamblers, his eyes lit up.

> Not everyone can be a croupier. If you’re not a stable person, if you allow a gambler to offend you, this is not the job for you. I look these people in the eye and I take their money. It’s normal that sooner or later I’ll be guilty for their losses. Training can’t teach you how to cope with that. Just last night, I had a customer who was shouting abuse at me for 40 minutes. Who is he to abuse me? He was yelling *figlio di putana* [son of a bitch] all the time. The inspector came along, asking: how’s it going? I said: ‘It’s going.’ I had a good day last night. But maybe someday, I won’t, and then I’ll break.

Although croupier training does not explicitly prepare students for the abuse they may receive from gamblers, emotion management is learned alongside technical skills. In the last decade, special attention has been paid to treating customers in a personalised way. I observed novice croupiers memorising sentences in Italian[2] and practicing appropriate body language for each sequence of the game: welcoming guests to the table, offering them drinks, announcing new rounds, saying good-bye at the change of shifts. They were instructed against 'standing with their arms crossed' or pointing to a card with the middle finger; they were told to always 'smile, smile, smile' (Raspor 2009) and pay attention to every guest, even when their table is crowded. In the case of a dispute, they are 'not to get involved in a conversation with a guest' but instead must call the inspector to solve the issue.[3] On the other hand, to accommodate the demand for offering a competitive service and making 'Italian guests feel special', croupiers have been taught to 'authentically' engage with their customers. Rather than replicating scripted sentences, they should 'be themselves' and chat on a range of topics: holidays, gastronomy, sport, weather. Within this perceived autonomy, as Bolton and Boyd (2003) have argued, even the authentic expression of emotion is work.

Several studies (Korczynski 2006; Lam 2012; Sallaz 2009), apart from exploring the specificities of croupiers' emotion management, highlighted the routinised and demanding practices of card and chip handling: minute movements of fingers and hands are endlessly practiced until they become a flowing sequence. Motor skills are coupled with astute arithmetic and an ability to memorise numbers, combinations and gamblers' faces. All three of my informants spoke of their croupier's skills as art. 'Croupiers trained by Ventura are the best in the world', they said to distinguish themselves from their 'sloppy' Italian colleagues who 'not only had ugly movements, but would arrogantly wait for the tip they didn't even deserve'.

Early in our conversation, Luka compared himself to the character in Joseph Heller's novel *Catch-22*. Yossarian was convinced that everyone was trying to kill him, but he could find no way out of the situation: he was double bound. I asked him, 'Who is trying to kill Yossarian?' He responded by pointing to the offices of the Ventura management. As one of the most skilful croupiers, Luka has been offered a promotion to pit boss or inspector several times. He refused, instead becoming a croupiers' union representative.[4]

In 2010 there were long negotiations with the management throughout the sector concerning croupiers' working schedule, salaries and the distribution of tips (RTV Slo 2010a; 2010b; 2010c). Over several months, each unresolved issue resulted in a daylong strike. Luka told me he spent 10 hours a day sitting in Ventura offices, 'telling them [the management] they couldn't understand what it's like to work as a croupier'. The most heated debates revolved around 'who deserved a share of the tip'. Casino workers claimed it was they who bore the brunt of customers' emotional outbursts, thus contributing to 'their happiness', while the management argued both the 'upstairs and downstairs' did an equal share of the work. In 2009 HIT, the largest casino operator in Slovenia, earned 9,647,000 euros in tips (RTV Slo 2010b). At Ventura, tips were distributed across departments, including the 'upstairs'. Croupiers campaigned for their sole right to this money. While there were attempts to negotiate different options – for example, the management offered the sole right to tips in return for lowering croupiers' basic salaries – the talks dragged on with no resolution in sight, as Luka described:

> I know they [the management] will try to get me to their side. If I turn my back to the workers, I'll be offered a promotion: a job of an inspector. The workers will lose 20 per cent of their salaries. This happened to the negotiator before me. He betrayed the croupiers and was appointed a poker room director. Ventura works like this: you can get a great job if you sell them your soul and become one of them. You must love them – and I can't do that.

Negotiations with the management precipitated Luka's break down. Parallels with the plight of Heller's character became obvious. Yossarian was a World War Two pilot who looked for ways to be sent back home: from faking mental illness to hiding in a military hospital, sabotaging operations and ridiculing military protocols. By the end of the novel, he was offered a damning deal: he could go home but only if he said nice things about the military. This double-bind situation reflects a paradox that can be resolved only through the logic of the novel. If approached rationally, it creates feelings of containment and powerlessness, such as when Yossarian's request to be discharged on medical grounds (being crazy) failed because, as was explained to him, fearing for one's own safety is the response of a rational (thus sane) mind. Luka's double bind was similar: instead of *either* loving being a croupier *or* hating working as a croupier, he looked for a space beyond the choice he had between conforming to his role and making deals with the management, and ceasing being a croupier.

The double bind is a useful framing device for understanding social practices which arise in situations that are perceived or experienced as paradoxical. The theory of the double bind was first developed by Gregory Bateson (1972b) while studying schizophrenic disorders. His theory, however, is widely used to refer to situations in which a person experiences a relationship with another or a group of people as necessary to their existence. This perceived necessity 'forces' the person to behave in such a way as to maintain the relationship. The double bind arises when the dynamics of the relationship blocks the person from maintaining it while at the same time they feel unable to leave it. Trying to resolve the double bind by logical means is impossible because the two messages contradict each other (Petterson and Shimada 1978).

I will refer to the double bind as a difference between digital and analogical experiences of the context, instead of in terms of logical types or message levels (Bateson's original emphasis). Digital perception relies on speaking, writing and thinking in words, whereas analogic perception captures the affective nature of social processes, drawing information from body movements, gestures, facial expression, voice inflection or rhythm (Petterson and Shimada 1978). Such a schematic divide between digital and analogical experiences should be understood only as an ideal type in order to explain the 'logic' of a satisfactory response to the paradoxical demand. The double bind is a relational and not simply a logical problem: therefore, a person must interact with others and a situation analogically.

Petterson and Shimada (1978) argue that organisations encourage digitalised interactions (e.g. routinising conduct, emphasising written communication, prescribing the 'feeling rules', and so on). When a person feels double bound, as is the case with Luka, who is proud of his croupier's skills and needs the money the job earns him but is in an ethical conflict with the organisation, the paradoxical situation can be resolved (achieving a sense of both well-being and ethical 'rightness') only by experiencing it analogically. Bateson, Petterson and Shimada argue that play as meta-communication – a space of temporary relaxation of rational scripts and rules – offers this 'beyond-logic' means of responding to a seemingly unsolvable problem.

Bateson's experiments with porpoises (1972b) showed that the double bind enhances creativity when or if a person learns to enter a state of playfulness. In other words, an affectual rendering of the double bind may question, relax and play with the either/or paradigm. Similarly, my ethnography suggests that responding to a paradoxical situation through a sense of playfulness dissolves an apparent opposition in how workers cope with emotion management as part of their job: it offers a redirection from focusing on either burnout or resistance and nonconformity. Croupiers I've spoken with presented neither as 'emotional proletariat' (Macdonald and Sirianni (1996: 3), with little power, under constant control of employers and in a 'one down' position in relation to customers), nor as head-on heroic rebels. Those who described their situation as being doubly bound responded through creatively refashioning their lived experience: they played with it. I refer to this symbolic turn as a 'sleight of mind' because, for them, it creates a kind of magic in a seemingly insoluble situation.

After experiencing emotional and physical burnout from acting as a union representative, Luka made changes in his work life: he quit the union and took a month off from work. His condition was supported by a doctor's letter which allowed him to switch to working only day shifts. When we met after this break, he looked relaxed: a bit worried about his salary being cut, but still joking. In the story of how he was granted day shifts, he was a surviving hero, a trickster who uses humour to reframe the difficulties of life.

> I work only day shifts. All of us there, we are one big happy family: three depressive men and four women with small children. Only croupiers with a crisis situation are allowed to work day shifts alone. When you work days, you think 'oh, it's only temporarily' – this is a space for rehabilitation and reboot.

Just like Yossarian, who finds ways to keep himself in the hospital to avoid going on missions, Luka found his own space for resolving the ethical question as to how he can be a croupier and not be 'one of them'. The casino by day might be an actual place, but what actually resolves Luka's double bind is a mental and symbolic space – an unmanaged dreamworld – where he is not forced either to quit or to be one of them. Gabriel (1995) argues that fantasy – found in this unmanaged space – provides a possibility beyond an either/or choice. A person can accept their position by accompanying it with symbolic refashioning of events and official stories. This way they not only follow their own sense of ethical rightness but engaging in narratives that have a logic of their own. Such storytelling, then, both to oneself and to others, as Benjamin (1999) aptly described, is for the benefit not of facts-as-information but of facts-as-experience.

The opening quote from Heller's novel shows Yossarian having paranoid thoughts about everyone trying to kill him. Overwhelming fear for his safety shapes his character into a man who mostly works in his self-interest. When Luka left the union, he was worried he might be perceived as having betrayed his fellow workers. If he stayed, he would have been pressured to agree to a poor negotiation outcome. Another double bind? Yet just as Yossarian's concern for his fellow men seeps in through his humour and mischievous behaviour, Luka's decision to be a day-shift croupier – a perfect escape – can be read as helping others as well as himself.

Heroic croupiers

If Luka's narrative character is a trickster who uses his wit to deal with pressures of his job, then Vesna's story reveals the role of 'victim turned hero'. After 20 years of working as a croupier, and just around the time of 2010 strikes, Vesna decided to take severance pay and start her own business. Today she runs an alternative-medicine healing centre. When we first met, I noticed her key ring – craps dice – that she was playing with on the table. 'Don't these dice remind you of your days in the casino?' I asked her, after she remarked how relieved she felt having left her job. 'Yes, but being a Ventura-trained croupier was not only a job, it was art,' she explained. She recounted the proto-story of Ventura croupiers being 'the best in the world' and underappreciated by the management:

> Those who haven't felt on their own skin what it's like being a croupier don't know what they're asking from us. I told the Ventura lawyer: you work in the office from 9 to 5, you have a normal life, and look at me: I became a crazy woman, don't you see?

When I asked Vesna what it was that made her 'a crazy woman', she said: 'pressure from the management'. Though when asked by her noncroupier friends about her work, she often described herself as 'a filter for gamblers' psychosis'. The two sources are inseparable. Her account of a stressful encounter with a high roller confirmed that each tension with a player was exacerbated by 'dirty play' from the management.

> There was a player from ex-Yugoslavia who thought he was allowed anything just because he had money. He used to tell croupiers all kinds of horrible things: I wish your husband leaves you, I wish your children die . . . I was then a pit boss and was watching a young croupier girl taking his abuse. Behind us, there was the inspector, watching but not reacting. The girl was on the verge of tears. I was thinking, 'Please endure . . . how long is five minutes?' When she spun the roulette wheel, he announced his bet, but he wouldn't say

> the amount of his stake. I warned him he had to do it. 'It doesn't matter', he said, 'I'll tell her when the ball falls'. I stood up and instructed the croupier to cancel his bet. I kept a cool face. Then he went into rage and started shouting: 'You horrible stupid cow, I can do whatever I want with my money.' This went on for more than half an hour. The inspector said nothing. After that night, whenever this high roller came to town, I was moved to another table. I said: 'If he comes to my table, I'll do the same.' That's why they removed me. My inspector boss wasn't on my side. He was doing what he was told to do by the management – keep all the high rollers by allowing them to do whatever they want. I understand this dirty game now. I know he had no other option if he wanted to keep his job.

Like Luka, Vesna knew how to handle difficult players. When she defined herself as 'a filter for their psychosis', she said it jokingly as if she was almost proud for doing it so well. The biggest betrayal was from those who were expected to appreciate and protect them: the management. From around 2008, when the recession affected the typical Italian customers frequenting Ventura casinos, more and more croupiers were offered severance money or early retirement. Vesna was convinced that they 'played dirty' even then. The management organised regular medical check-ups for the workers. Croupiers suffer ailments specific to the demands of their jobs: depression, backache, stomachache, high blood pressure and stress-related diabetes. According to Vesna, the official GP would medicalise every croupier whose health results were slightly off. 'People became afraid to report a serious problems', she said angrily. 'If they were given any kind of therapy, it was reason enough for the management to send them to early retirement. It was a way to get rid of people once they have worn them out.'

In her alternative health centre, Vesna treated many of her croupier friends; she was proud of having helped several female friends with getting pregnant after years of trying. This was one way in which she kept an emotional and mental connection with what was 'good about being a croupier'. It also recalls multisituated emotional exchanges (Bolton and Boyd 2003). Unlike Hochschild's understanding that emotion management falls under either emotional labour or emotion work [the latter parallels with Goffman's lifetime training in 'the presentation of self' (Goffman 1990)], Vesna's case presents a different type of exchange: philanthropic. Such emotion management demonstrates how an organisational worker, instead of merely following appropriate 'feeling rules', gives that 'little extra' during a social exchange. Healing croupiers does not directly fall under this category, but it shows how social exchanges among (ex) co-workers are not only scripted and managed: they are dynamic and diverse both during and after working hours.

Unmanaged emotion exchanges also occur through croupier intermarriage, which is against the feeling rules of the organisation. A vast majority of my informants have spouses and partners working with them in the same casino. Although this is not regulated through written rules, the casino industry, as recounted by my research participants, does not promote romantic relations among casino workers. 'Stay detached at work' is advice commonly given to croupiers throughout their socialisation. 'But how else can we find love when we don't have contact with the outside world?' was the response offered to me when I inquired about the topic. By 'outside world' they meant being able to socialise with 'normal' people during 'normal' hours. The Ventura management has no measures against this 'transgression'. Once relationships are publicly recognised, many croupiers said the management actually helped adjust their work schedules in order to keep some kind of integrity of their family life, again suggesting a degree of fluidity in the relationship between croupiers and management.

Mentor of croupiers

During croupier training, I asked students their impressions of things they were taught, and of their trainers. A lot of them had a hard time accomplishing the 'artful' elegance that the Ventura school for croupiers demanded. Skills they were expected to master included exceptional dexterity, fast and precise maths, stable and outgoing personalities and fluency in Italian. Vesna, for example, told me she had trained her brain in adding and subtracting so successfully that she would 'know how much her shopping bill was just by glancing at the items in her basket'. Regardless of hard work, they all praised their mentor – Sasha. 'We love his mater-of-factness: he is old school,' they told me. This meant that he would not allow them to compensate any clumsiness in technical skill with their personality. One of the reasons he was able to keep with his style of teaching is that he was a kind of an outsider.

Sasha was one of the rare people who advanced from being a young croupier to managing a whole casino. At the time I met him, he had quit this position and insisted the Ventura management allowed him to be demoted to an inspector. I asked him why? And then another story of disillusionment unfolded.

> In the beginning, I adored my job. I would come to work full of hope and enthusiasm. But today, after 20 years, I lost that sense of purpose. I notice the same in players. I know some of them: what they were like before and what they're like today. I will still go in and do my job professionally, but there's no magnet there to attract me, to put a smile on my face, to make me feel I can make a difference.

As both a croupier and an inspector, Sasha was at ease with handling the players, even the difficult ones, and even when 'their luck turned against them'. He said he had a genuine interest in what those people thought and felt. And while he observed players' psychology even as a young croupier, 'the table between him and them would always be in a way,' and he would be conscious 'of the cameras behind his back'. As an inspector, Sasha was able to have 'a more personal' relationship with customers. I asked him to explain. 'It's not that I was seeking out a more personal contact', he said. 'But as an inspector, you move around tables, you can have a drink and a cigarette with players, they seek you out and want to share their stories with you.' Even then, Sasha was practicing a professional distance and discretion. Because of that, he described himself as 'a sponge for player's feelings'.

Figure 4.1 Croupier trainee demonstrating highly skilled chip flipping, found at poker tables.

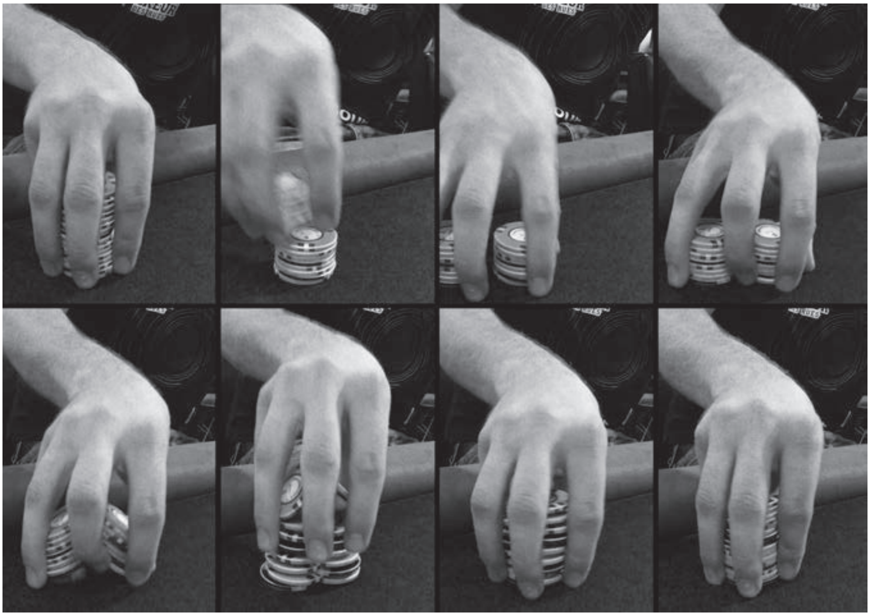

Figure 4.2 Croupier trainee demonstrating chip shuffling, also found at poker tables: the more chips, the more skill required.

> When a player's luck is running high, you must behave in the same way as when it's running low. This is the golden rule of the job. If you can balance those curves, then you're a pro. I am an emotion sponge (laughs). But if you can't release those emotions, then sooner or later you'll get a heart attack, high blood pressure or diabetes. You mustn't be a rigid wall for their feelings; just soak them up and wring them out. Imagine what would happen if I let them talk me into finding them more money when they're on the losing streak? And they did come up to me with this.

Sasha's talent and skill were confirmed when Ventura asked him to run the casino in Montenegro. After two years, he did the same in Ljubljana. Casino manager is the top step in the hierarchy of 'inside workers'. My informants' accounts presented the casino industry (at least as it refers to Ventura in Slovenia) as a division between 'inside' of casino (or downstairs in relation to the management) and 'outside' or 'normal' people (they also counted the upstairs or the management in this group). Casino manager could be perceived as having one foot in the casino and the other in the office. It was a position which brought more money but also a greater demand for 'being one of them': Hochschild refers to this as the 'deep act', or aligning your 'true' emotions with the values of the organisation (2012).

In 2008, Sasha was running Ljubljana casino when many of his croupier colleagues lost their jobs. It was a decision he could not influence, which, he confirmed, made him feel even more powerless.

> My spirits were crushed when I realised their political game. I saw how traumatic it was for people who lost their jobs. And these people were similar to me, with 20 years of experience. They invested everything in their career, they had eyes only for this job, and all of a sudden were left with no alternative.

Sasha's double bind was resolved in a similar way to that of Luka and Vesna. He remained connected with the part of his job he always felt passionate about while carving up a space where he did not have to be one of them. He works as an inspector and runs croupier training sessions on a part-time basis. Such conditions of employment offer him that unmanaged space: a dreamworld where he is the author of his story and where he continues to pass down the 'art and eleg nce' of the Ventura croupier tradition.

Cn clusin

Hochschild's *Managed Heart* inspired much scholarship focusing on emotional labour. Since services have largely replaced objects as products on the market, labour conditions and processes have changed as well. Highly skilled work used to refer to technological knowledge, which in turn provided autonomy in decision making for workers. Being good with emotions was considered either a character trait or nonskilled work, often highly gendered. Since then many studies (Bolton and Boyd 2003; Korczynski 2006) have argued that emotion management is indeed effort-intensive, skilled and productive labour. As the initial focus from the emotion management as enforced by employers shifted, academic discussion introduced new notions of service workers' autonomy, ability to resist and even team up (with customers) against the management. My ethnography has shown that understanding emotional labour can and should go beyond the conformity/rebellion opposition. Although much has been written about the life of organisations not being influenced solely by logic and reason (Fineman 2000; Sieben and Wettergren 2010), emotions in organisation have been perceived as a means of social exchange and a fabric for constituting various types of relationality at work.

In this chapter I argued that there is such a space inside organisations that is relatively unmanaged, and has no purpose but to provide pleasure (of play) during which reality is creatively refashioned into a desirable experience. Using the double bind as a framework, I have shown that when people *feel* double bound by a situation they dislike but cannot leave, they are able to resolve the tension by tapping into the affectual experience of the context. Instead of suffering burnout on the one hand and quitting the job on the other, they resort to the magic of play. And just like magical tricks that defy the logic of reason, the croupiers described in this chapter perform a sleight of mind to resolve the paradox in which they have found themselves.

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Notes

1 Slovenian gambling law distinguishes between two types of gambling venues: casinos and gambling halls. The former (such as Park and Perla) may include a range of casino table games (live games) and an unlimited number of slot machines, while the latter may have only between 100 and 200 slot machines and no live games (Macur, Makarovic and Roncevic 2008).

2 Every croupier working in Nova Gorica must speak Italian to qualify for training, as the majority of guests visit from across the border. Scott (this volume) depicts a similar situation at casinos in Cyprus, where croupiers as well as casino entertainment in general cater to Greek Cyprus guests.

3 For more extensive discussions of the social construction of skill see Korczynski (2006). For ethnographies of the deskilling of croupiers see Austrin and West (2005) and Sallaz (2009).

4 Unlike the Las Vegas croupiers who feature in Sallaz's 2009 study, Slovenian croupiers have a strong union through which they campaign for various benefits. For example, since 2003, the role of croupier has been standardised and officially accepted in the national catalogue of work qualifications, Nacionalna Poklicna Kvalifikacija (NPK) (NPK 2003, sec. Katalog strokovnih znaj in spretnosti – krupje/krupjejka).

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Filmography

Croupier, 1998. Dir: M. Hodges. Image Entertainment.

5 Partial convergence

Social gaming and real-money gambling

Rebecca Cassidy

Introduction

Social games emerged on Facebook just weeks after it was launched in 2007. At first, the boundaries between games like Mob Wars or Yo Ville and gambling seemed relatively clear. The hugely popular Farmville, for example, allowed players to create their own farms for free and rewarded them for returning regularly, inviting their Facebook friends to share in their experiences, or consuming advertising. If players wanted to progress more quickly through the game they could purchase virtual cash to spend on tractors and cows in the Farmville economy. Among the first games to gain traction on Facebook was Zynga Poker, which reached 36 million monthly users in 2010 and has continued to feature strongly in the top 10 most popular games.[1] Like other Facebook games, Zynga Poker was free to play; although participants could purchase virtual currency to keep playing when they ran out of free play credit or to have a chance of winning higher jackpots, they could not cash out any credits they had built up.[2] Other free-to-play casino games, including slot machines and roulette, have gradually increased in popularity, to the point that in 2012, 'casino games surpass(ed) farm games as the darlings of social networks' (Takahashi 2012b). As a result, the social gaming and online gambling industries have become increasingly interested in one another. This chapter focuses on this dubious romance, which both insiders and commentators have described as 'convergence' but is perhaps more tentative and uneven than this term implies.

This chapter focuses on three questions. First, how does the gambling industry adopt or resist new ideas? As Gariban, Kingma and Zborowska remind us in their chapter in this volume, flexible, virtual and interfaced forms of gambling produce and are produced by material, social organisations. Furthermore, new gambling products do not emerge from, or enter, a vacuum. On the contrary, they develop in a crowded marketplace where business models, products, regulations and ways of working are already circulating. Will new forms of gambling preserve the institutional and commercial logics that developed in traditional land-based environments, including casinos, racecourses and betting shops? If not, how might they differ? Second, how do social games illustrate the iterative qualities of gambling products? In presentations at gambling industry conferences, social gaming companies claim to be able to 'train' their consumers to behave in certain ways. I use

Nigel Thrift's notion of the 'technological unconscious' (2004) to explore how both social gaming and real-money gambling create new kinds of anticipations that are unevenly adopted and adapted by players. Third, I will use the coming together of social gaming and real-money gambling to reflect on the more general redrawing of the distinction between play and gambling (Goggin 2012). In this chapter I argue that gambling is being 'gamified'[3] by social gaming – falteringly, but with considerable momentum.

The gambling industry is a complex global assemblage with diverse interests across regions and sectors. In this chapter I focus on European online casino and betting operators. Some companies operate solely online; others combine this channel with 'bricks and mortar' operations. Between 2010 and 2012 I attended 30 conferences in London, Barcelona, Dublin, Macau and Greece and listened to more than a hundred presentations, ranging from 'The Real Social Economy and Making the Next Billion' to 'Inside the Mind of the Social Gamer'.[4] I conducted multiple interviews with 20 newcomers to the gambling industry who had backgrounds in the media, console gaming, financial services and marketing. I also conducted semi-structured interviews with 50 individuals, including traditional gambling operators, gaming lawyers, investors, politicians, regulators, journalists, researchers and treatment providers.[5]

In this chapter I shall refer to 'social gaming' and (real-money) 'gambling' as the terms were used by my research participants, while acknowledging that the boundaries between them are contested and fluid. Definitions of 'gambling', 'gaming', 'wagering' and 'betting' also vary across jurisdictions and reflect diverse priorities and histories (see Miers, Chapter 3 in this volume). The gambling operators I work with use both 'gaming' and 'gambling' to describe their activities. 'Gaming' often has 'softer' connotations than 'gambling', though not always.[6] 'Social gaming' is equally contested. In January 2011 journalist Nicholas Lovell asked 26 'gaming luminaries': 'What is a social game?' The responses reflect the competing ideas of a heterodox community. Some do little to distinguish social from other kinds of games, for example, 'A social game is one that is most fun when you play with your friends.' Others are more fine grained, such as:

> any game which uses the social graph[7] to increase and improve the gaming experience, while utilising game theory and psychology to generate revenue from the active user base from a combination of virtual goods, advertising and offers. (Andy Rogers, quoted by Lovell 2011)

Social games conventionally include those that are accessed via Facebook (although increasingly they are available through other platforms) and include poker and slot machines that are not obviously 'social', as I will show. In 2013 a social games marketing executive told me to 'forget definitions': 'Social gaming is not what it was 18 months ago and it won't be the same thing in 18 months' time.' Instead of producing a temporarily adequate definition which suggests a fixity that is not found in practice, I will reflect on a particular period, between

2010 and 2012, when social gaming and gambling sought to come together. The outcome of their tryst remains uncertain, but their courtship reveals important aspects of both industries and of the potential for fusion between gambling and other kinds of play more generally.

Prenuptials

> Clearly a convergence is occurring . . . where Facebook and mobile game companies will leverage their large audiences in partnership with licensed casino operators to develop a new gaming sector for the US and abroad. This market will emerge differently than traditional, online real-money gambling. (Lisa Marino, CEO of RockYou, quoted in *The Global iGaming Expo and Summit Brochure* 2013: 13)

The courtship between social gaming and real-money online gambling is based on the reach of the former, its low costs and 'fit' with digital forms of distribution and cloud technology, and the profitability of the latter. According to a 2012 report by Morgan Stanley, 799 million people play social games, and 170 million of those are active players of social casino games. This is more than three times the customer base of online gambling. However, only between 1 and 5 per cent of social games players purchase virtual items, including currency (Casual Games Association 2012). Social gaming can sustain a large number of nonpaying players because it has relatively low costs and, unlike gambling, is unregulated. Gambling has fewer customers but they spend more: $35 billion in 2012, compared to the $6 billion spent on all of social gaming, including social casino games (Juniper Research 2012, H2 Gambling Capital 2012). Lifetime values (the total spent by any one individual throughout their relationship with a company) is reported to be up to 900 times higher in gambling than in social gaming (York 2012). As one social games developer told me, 'We have good products, but they have a far superior business model'.

North America is the largest market for social gaming and accounts for approximately 40 per cent of global revenues (GamblingData 2012: 3). In the United States, social gaming provides a means for gambling operators to build brand awareness and loyalty in a closed market ahead of the predicted legalisation of online gambling (Peters and Mukherjee 2013). In May 2011 US public gaming corporation Caesars bought 51 per cent of Playtika (creators of social video slots Slotomania) for $80–90 million, and in early 2012 US gaming machines manufacturer International Games Technology (IGT) paid $500 million for Double Down (a social gaming casino). At the Mobile and Tablet Gambling Summit in late 2012 the commercial director of IGT's Interactive Business described three benefits of the acquisition. First, Double Down was a 'very big vertical' in its own right, with a 'fantastically high growth rate'.[8] Second, it brought expertise from social gaming into real-cash wagering, particularly new game mechanics, some of which had been built into highly successful new products. Third, 'the Double Down partner program … effectively allows (clients) to participate in online wagering or real money wagering before the market regulates'.[9]

IGT management presented 'convergence' as the sharing of business insights and markets; however, intimacy can also take less symmetrical forms. In the United Kingdom, in contrast to the United States, online gambling is a legal, mature, well-established business. Some British betting and casino operators therefore regard social gaming as a threat to their business and see acquisitions of social game developers as a way of clearing the market. As one senior executive involved in the purchase of a social gaming studio explained during our fourth interview, in 2013, 'Basically we didn't want to have anyone cluttering up the market and distracting people from our brands. It was a search and destroy mission.' Also in 2012, gambling executives, journalists and regulators told me that 'the industry' was seeking to 'level the playing field' by suggesting that social gaming should be subject to the same regulation as gambling. Ralph Topping, CEO of William Hill, 'the world's biggest bookmaker' and provider of online sports betting, poker, casino and bingo, has said in his blog that:

> the problem is that (social gaming) is not currently regulated as a product group and we think it should be . . . The leading British gambling company has chosen to forgo a potentially lucrative business opportunity until appropriate regulation is in place. Why? Because we take the Gambling Act and our social responsibilities very seriously. (Topping 2012)

Social gaming is profitable as an unregulated product, but it is not clear whether it could absorb the costs of compliance while such a large proportion of customers play for free.

This asymmetrical, subjugatory vision of convergence is also mooted by members of the social gaming industry based in London. During a second interview at a conference in 2012, Dan, the 40-year-old managing director of a social gaming company, described gambling operators as

> Prehistoric cavemen, stepping blinking into the light and asking 'What is the Cloud?', 'What is Facebook?', 'What is digital distribution?', 'Why do I have to have a relationship with my customers?' They freak out when you talk about anything even vaguely technical and you can see it written all over their faces: 'Can I go back to my casino now, please, and squeeze the last remaining bits of cash out of my aging customers before they die?' In the future casinos will be museums and there will only be social gaming.

Zynga, the US company that is the creator of five of the top 10 Facebook games by number of daily active users in January 2013, is one of the few companies large enough to explore this possibility, having renegotiated their stance on gambling during the past two years.[10] In October 2012 they made an agreement with Gibraltar-based bwin.party, the largest publicly traded gambling company in the world, to offer real-money online poker and casino games in the United Kingdom

(Osbourne 2012, Taylor 2012). Zynga's entry into real-money gambling in the United Kingdom and IGT's acquisition of the US-facing Double Down show that combinations of gambling and social gaming take a variety of forms and serve diverse interests in contrasting markets.

Gambling, social gaming and the technological unconscious

There have been several notable phases of disruptive technological change in the gambling ecosystem. The emergence of video poker in the United States in the late 1970s is particularly relevant to the potential blending of social gaming and gambling because it combined an upheaval in delivery system and also a development of the playful aspects of gambling, influenced by games such as Pac-Man. From the mid-1960s until the mid-1980s Bally, a company based in Illinois, was the United States's leading slot machine manufacturer. At the time, slot machines were operated until the end of their mechanical lives, and according to one casino operator, 'Bally kind of fell asleep' (Stevenson 1989). Their dominance was challenged by IGT, a new company from Nevada, which became market leader in the second half of the 1980s. IGT's founder, William Silas 'Si' Redd, came from the amusement trade, where games had a far shorter shelf life. While working for Bally between 1967 and 1975, in a move that foreshadows the rapid turnover of new products and content in social gaming, Redd decided to provoke a tighter renewal cycle in slot machines. He changed gameplay, encouraged casino owners to increase payout rates and distributed these newly configured machines by using a highly effective profit sharing sales strategy (*Public Gaming Magazine* 1982: 44). In 1975 Redd left Bally, taking with him the exclusive rights to video machines. By the end of the 1970s video poker emerged as IGT's most successful product in Nevada and formed the basis of their overhaul of Bally's advantages.

Changes in gambling ecosystems are the result of complex interactions between producers, consumers, existing products, regulation and good fortune. The success of video poker was based on a serendipitous combination of IGT's organisational culture driven by Si Redd; innovations in microchip technology, which enabled colour, sound and better graphics; and a game design, 'Jacks or Better', which was both popular with players and profitable for operators. As Redd explained, time on device was doubled: 'If you were to take $100 and play slots, you'd get about an hour of play, but video poker was designed to give you two hours of play for that same $100' (quoted by Schüll 2012: 115). For the first time, video machines drew players away from mechanical reels and table games, marking the beginning of the profitable turn to video in the Las Vegas market that has been described in detail by Schüll (2012; Chapter 6 in this volume).

The turn to video marked a change in the nature of gambling as a constituent of what Thrift has called the 'technological unconscious', 'a prepersonal substrate of guaranteed correlations, assured encounters, and therefore unconsidered anticipations' (2004: 177). Knowledges of form, including gambling, are temporarily accepted repetitions and taken-for-granted acts that are rarely explicitly negotiated.

They reside in the everyday and are 'the means by which senses are synchronised (and synchorised) so that practice can take place' (177). In Nevada in the late 1970s, changing ideas about the relationship between play and gambling materialised in video poker machines, which in turn changed expectations about gambling, and so on. This is not technological determinism, but an acknowledgement of the mutual openness that exists between our dispositions and the material worlds in which we operate. As Thrift explains, 'These knowledges do not belong to "us" or to the environment. Rather, they have been co-evolved, and so refuse a neat distinction between organic and inorganic life or person and environment' (176).

The 'co-evolution' of particular forms, or spaces of anticipation, provides a conceptual bridge between the consumption and production of gambling and is part of North American machine-gambling industry wisdom. Bryan Kelly, for example, senior vice partner of technology at Bally, observes that 'people who like to wager are conditioned. In the US, they're already conditioned to what a US gaming offer looks like – the American people expect that. It's tough to come in with a completely different experience and say, "that's gambling" ' (Kelly 2012). Gambling elicits responses from consumers. Profitable responses are rewarded and a temporary loop is created, between 'sticky' products – those that hold attention, and the nature of our attention, in a process that Hayles has described as a 'technogenetic spiral' (Hayles 2012). These temporary instantiations of favoured rewards, aesthetics and form change incrementally until the next technological disruption.

Based on smart technologies and digital distribution, social gaming is a particularly vivid illustration of the iterative qualities of *all* gambling products due to its ability to compress time and space. Unlike online gambling it is always 'on', in the background of a Facebook account, and produces both personalised, real-time data and, collectively, 'big data', spawning a new focus on 'analytics' which operate across a number of different scales: individual, national, regional and global. It is far more flexible than conventional gambling products, particularly table games and sports betting offerings, which are subject to strict regulation and must maintain fixed payouts. Even the most flexible and responsive gambling machines are restricted by material form and regulatory requirements including regular testing Social games, on the other hand, are virtual and unregulated and can be changed instantly, and without restriction, on the basis of how they are being used. As Gareth, an experienced 35-year-old social games developer, explained during our first interview at his workplace in London in 2012:

> Timing is everything in monetisation.[11] When should I invite a player to become a payer? How do I annoy them just enough to get them to part with their cash, but not to leave the game? Analytics. You use your data to decide how to ask, when to ask. You can run two tests side by side, one with one version, maybe a small opt in, and you can run the second as an opt out. You see how people react and go with the one that has maximum conversion to payer, you know, buy in, and minimum churn (loss of players).

The idea that games can be used to produce particular anticipations is constantly repeated. At a very basic level, ‘nudges’ can be matched to player profiles, so, for example, a player who generally spends $5 a month on virtual currency will receive a prompt to buy a $10 package. A ‘whale’ (the name given to high spenders) who regularly spends $100 on virtual currency will be sent an invitation to buy a $150 package, and so on. As this ‘application optimisation’ platform provider urges, ‘It’s all about the bottom line’:

> Bring science to the challenge of monetisation. Tune game economy to create ‘pinch points’ that drive buy-in. And test their performance over time. A/B test every aspect of the purchasing process in order to maximise conversion. Target problem customer segments and deliver customised experiences and offers to drive changes in behaviour.

Agency is dispersed throughout this cybernetic network in ways that are more visibly and immediately iterative than in gambling products which must be independently tested following each modification. As Gareth explained, ‘the art of monetisation links profit and behaviour, in a single, closed loop. That’s what you need to get good at it’.

The anticipations materialised in machine gambling in Las Vegas have been explored by Schüll (2012) and in pokie machines in Australia by Woolley and Livingstone (2010). Those generated by social gaming have yet to stabilise; indeed they may not possess the same *potential* for stability as slot machines and table games. It is unlikely that they will be determined by the same individuals, priorities or orientations. If gambling is partly about the stories we tell about taking risks, these stories are changing, and in the process they are manufacturing not only varieties of and approaches to risk, but also new relationships between players and operators. In the next section I explore some of these ideas in greater detail by describing encounters between members of the social gaming and European online gambling industries as they unfolded at international conferences.

Speed dating at gambling industry conferences

Between 2010 and 2012, when gambling industry conference programmes became increasingly dominated by social gaming, games designers, technology consultants and self-described ‘geeks’ began to attend in greater numbers. At the European iGaming Congress and Expo (EiG) in Barcelona in 2012 this new direction was particularly evident. ‘Launch pad’–style presentations to choruses of angels (venture capitalists) connected smartphones, social media, and subscription broadcasting to more established online gambling products. There was vigorous disagreement about the commercial potential of social gaming. A gambling consultant told me that it was ‘a bubble, overvalued and fragile’. A social gaming evangelist who had overheard our conversation in the lunch queue interrupted us to say that, on the contrary, there would be no traditional land-based or online gambling industry in 10 years' time as all of the traffic moved to 'social mobile': media sites and freemium[12] games accessed via smartphones and tablets. During formal presentations, social enthusiasts presented devastating statistics about the 'born mobile' generation; the ubiquity of games and mobile platforms; and the obsolescence of generic advertising, searches and websites. According to them, the personal computer was 'so, like, over': 'If you ain't in online now, don't bother, go straight to mobile', they advised gambling operators. In the future everything was to be personalised, and gambling was to become a freemium or possibly subscription-based entertainment accessed via smart technology. In the tweet of one San Franciscan: 'F2P beats P4R, for real.'[13]

This vision of the future was qualified by a panel of European gambling industry chief executive officers, which generated a more cautious vibe, focused on achievements to date, projected income in the next financial period and the strength of existing markets and products. The audience had been hyped up by the new prophets of social mobile, but the CEOs refused to bite. 'They would love my lifetime values,' muttered one under his breath. The conference swung between the confident purveyors of traditional business models and the restless exuberance of those who wanted to deploy their disruptive technologies to force a paradigm shift. In a controversial presentation in Barcelona, one former senior executive of a large North American online casino and poker provider described six factors that 'basically kill innovation' in his sector:

> It's the wrong people. People that are not geared toward innovation: they don't want to innovate. It is poorly planned incentives. Many of us work in publicly traded companies and in these publicly traded companies it's very simple, we want the next quarter, and guess what? Innovation doesn't deliver the next quarter. Innovation delivers long term profit . . . It's internal politics. A non-agile culture. Too big a teams. And finally the 'Not invented here' syndrome, meaning if it's not the old-timers who say it's good and who've done it before, then it's got to be bad.

This criticism is echoed by Raf Keusterman, CEO of social casino operator Plumbee, in the programme for the Social Gambling and Gaming Summit held in Berlin in May 2013:

> The online gambling industry has lost its edge the last couple of years. From a disruptive, product-driven culture driven by entrepreneurs keen to change the old-fashioned offline gambling world, it has become a stale, sleepy, comfortable industry that is risk-averse and focused on maintaining the status quo. Social casino is not just a fad, it has the potential to disrupt this industry: it challenges the laws of yesterday and brings new products, marketing techniques and business models to the table.

In contrast, the majority of social gaming companies are small, young start-ups with flat structures and agile business cultures. They do not expect to be profitable, at least not at first. Their challenge is to increase their product visibility in order to build a user base. Charles, the 45-year-old managing director of a UK-based social gaming company with a background in broadcasting, told me that his experience of selling his first product to the British gambling industry was ‘astounding’. The organisational structure of his previous industry was similar to that of gambling, and yet he found what he referred to as ‘a very distinctive business culture’:

> It is conservative. The drive (to change) will come from elsewhere. We thought that the industry would compete on price: free bets and money back. We thought that they would see a new product and go after it. WRONG! They want security. We couldn’t work out why a competitor might want a ‘me-too’ product but they said to us, ‘Come back and see us when you’ve done a deal’. These things will impact on betting space – it will get innovated up.

The opinion that innovation will come from outside was held by many of the social gaming entrepreneurs, including one who told me, ‘It’s easier, or at least more comfortable to disrupt someone else’s business. Plus the gambling industry is so complacent. Partly because they are so rich.’ Bob, a 30-year-old executive at a social gaming company in London who had also worked for a number of different gambling operators, gave three reasons for what he regarded as their relative lack of interest in social gaming:

> They have an established business model. They are flush with cash! Secondly, commercial inertia. They are planned economies. They have fixed budgets and road maps and work is queued up for a year and a half. Third. They don’t get it. They haven’t had any exposure to it.

Disagreements between social gaming companies and gambling insiders were partly based on mutual ignorance. In 2013 Mark Sorrell, development director at Hide and Seek, suggested that ‘gambling companies know bugger all about social gaming and social gaming companies know bugger all about gambling’ (Gamesbriefers 2013). European gambling companies operate in regulated environments and are internally policed by compliance departments and lawyers. The priority of an established company is to protect the brand, in the eyes of customers, regulators and investors. Publicly quoted companies must also manage the balance sheet and produce reassuring quarterly reports. Proven, regulated sources of revenue are protected. In a lucrative market, experimental or grey market offerings are often not worth the reputational risks. The encounter between social gaming and gambling is framed by social and organisational differences. It also brings together contrasting business models and profoundly different understandings of player motivation.

Basic instincts: player motivations

Social game developers and European online gambling industry executives use different resources to account for player behaviour, and thus value and claim to build different kinds of experiences into their products.[14] During an interview in his workplace in London in 2012, for example, Dan, managing director of a social gaming company which was providing traditional, UK-based sports betting companies with social content, told me:

> In gambling they have one basic explanation for everything – money. Or greed. They see people as these voracious, acquisitive monsters that just want to maximise their return on any investment and get on with life. They've read too much Adam Smith.

Dan's colleague Mike concurred and added that online gambling executives embodied the competitive outlooks they attributed to their customers:

> Networking is driving all of social gaming, but gambling executives don't believe in other regarding actions. Even when we negotiate contracts with them you can tell that they expect everyone to want to win. We literally build that into our negotiations. They are in that industry to win.

Mike felt that what he referred to as the online gambling industry's 'aggressive commercialism' could be detected in their uninspiring games: 'Gambling operators churn out the same old stuff. It all looks the same. There's nothing innovative or fresh about it. They are just highly efficient extractive mechanisms and any alterations are aimed at reducing or enhancing margins.' On the contrary, Mike felt that games should 'engage users first, then ask them for money'; he wanted to 'get them to love the game first'. As with the majority of people working in social gaming, Mike's background was in console games. Rather than the finite prospect of a win, he and his colleagues identified a number of potential motivations to play, including escape, sharing, competing, collecting, role-playing, creating and exploring. When he spoke about player behaviour as I shadowed him at work, he used particular games to illustrate the use of operant conditioning, random reward schedules and behavioural psychology (Skinner 1938). He also referred to Bartle's typology,[15] a seminal text in games theory, and how it applied to social gaming:

> Killers monetize the worst of any category because the game doesn't interest them. They want to gloat, something they can escape into is not for them. It's a similar motivation to stock trading or betting, for them. The Explorer is much more likely to buy to enhance their world, so you can put a price tag on it. If you spend five hours in World of Warcraft you want some item that makes you better at it – a bigger gun or some more effective bullets or something that makes you more identifiable. It's all about identity.

Mike used Minecraft, a virtual modelling space, to illustrate his point. The Minecraft website describes how

> at first, people built structures to protect against nocturnal monsters, but as the game grew players worked together to create wonderful, imaginative things. It can also be about adventuring with friends or watching the sun rise over a blocky ocean. It's pretty.

According to Mike, detailed world building of the kind found in Minecraft provides an outlet for creativity and passion. The spontaneous conversion of the game into a modelling site, rather than an 'escape from monsters game' fits his idea of games as spaces which offer potential rather than closure, and can be hijacked by players to fulfil desires that cannot and should not be anticipated by developers.

Social games developers are accustomed to thinking and speaking about games in these ways, despite the fact that the most lucrative social games are not necessarily those that are most creative. Critics including Ian Bogost have argued strongly that Farmville and other similar social games are a form of entrapment:

> They are ongoing, never-ending affairs that must extract time and money from players in the most efficient way possible. Developers are told to 'listen to their players' and to enact quantitative design regimens to insure that players get exactly what they want – even if they do not know they want it. Just like playing one, running a game as a service is a prison one may never escape. (Bogost 2010)

Social *casino* games are even less obviously either social or creative and closely resemble real-money iterations. In practice, and at the same time as valuing creative play, Mike is developing games which reproduce the experiences and anticipations honed by land-based and online iterations of slot games or bingo, with necessarily derivative gameplay and aesthetics.

At the International Casino Exhibition in London in 2010, David, the business-to-business manager of a large UK online sports betting operator whom I have known since 2001, told me what he thought of social gaming:

> I went to one of the talks about social gaming. I couldn't believe it. I saw a man saying that people would spend money on virtual currency to play games where they win a hat. And it wasn't even a real hat. I thought it was a joke. I couldn't get my head around it. I bet him a monkey[16] he'd be out of a job in a year's time.

The idea that the experience of play could be rewarding in itself, as opposed to a means to the end of winning, was not immediately obvious to David. The idea that players might use real money to buy virtual currency in order to play games where they may not cash out was even more difficult to grasp. David conceptualised gambling as a risky form of investment, an essential element of which should be the possibility of financial return. To him, social gaming with virtual currency was counterintuitive. These differences were particularly evident in meetings I observed between gambling and social gaming executives. In Mike's words, online betting and casino industry executives (in contrast to social games developers as well as their machine-focused colleagues in North America) 'think fun is a barrier to deposit'.

Before social gaming existed, amusements with prizes (AWP) machines were pilloried by sports betting veterans like David. Their treatment reflected a hierarchy constructed by members of the British betting industry, between play (irrational, childlike, not to be taken seriously) and gambling (rational, adult, consequential). In 2000, for example, *Racing Post* journalist Paul Haigh described AWP machines as 'the pits, the saddest, most pitiable of all forms of gambling . . . To be seen playing one of these is the punting equivalent of being caught going through customs with an inflatable woman in your luggage – all credibility, all dignity, all hope, gone' (Haigh 2000). David was also dismissive of the machines favoured by North American gamblers, which he referred to as 'trivial pursuits'. His only trip to Las Vegas was spent at the poker and blackjack tables, games of skill which he considered worthy of his time and attention in a way that slot machines were not. This distinction between gambling and play is not limited to the British online betting industry. Henry, an articulate social games developer with a background in console gaming and digital distribution, and no experience of gambling products, provided me with a compelling description of social gaming during an interview at his workplace in 2012:

> Multiplayer, strategy and endless games make most money, those that have an element of collecting and an element of chance do really well. My feeling is that it's less about the cards and more about the concept of collecting stuff. It's not about buying content, it's about buying stuff that will allow you more enjoyment in the game.

When it came to gambling he was more hesitant. It did not occur to him that gamblers might also be motivated to collect, or team up. He eventually produced an explanation that was similar to David's:

> If you haven't got that belief that you can win . . . some element of skill must be driving you to think you can beat the odds because if you don't think you can beat the odds there is no rational argument to make to yourself to make it worth doing.

David and Henry value play differently, but they both distinguish between playing at social games and gambling, as does Mike – 'Social gaming is a completely different animal from cash gaming' – and Dan – 'Social gaming is about competing with your friends or helping them out. Gambling is a solitary experience. You've got two worlds which actually come from different mindsets. They aren't opposites, but they are different, like Venus and Mars'.

Discussions about the potential conversion of social gamers to real-money gamblers focused on this distinction. In 2010 social gaming companies were depicted as potential marketing and acquisition channels for gambling. By 2012 investments in social gaming companies by real-money gambling companies were more likely to be presented as parallel verticals with added synergies of market penetration or expertise in digital distribution, game mechanics and customer retention. Members of both industries argued that social gamers were among the least likely to pay money to gamble: 'In places where real-money gambling is already available, the people using social games will not convert', Mike said in 2012. 'Either it's different people playing, or it's the same people acting differently.' At EiG 2012 Rich Roberts, CEO of Slingo, one of the first free pre-social network 'casual' games[17] created on America Online in 1995, told the conference that 'people who want to gamble with money aren't going to waste their money spending it on virtual items and people who spend money on virtual items aren't gamblers. That's why they are spending on virtual items. They have a different dopamine effect than those who want to gamble.'[18]

Conclusions

The year 2012 ended with an ambitious instantiation of convergence at the inaugural Social Gambling Conference in central London which promised to 'bring the gaming and gambling industries together' to explore 'the hottest emerging segment of the gaming market'. The conference took place on the former site of the Royal Mint after it moved from the Tower of London in 1809. In case anyone had any doubt that we were in the historic heart of moneymaking, the meeting rooms were named after 'new money' – yen, euro and dollar – and 'old money' – sovereign, sixpence and shilling. As yet, no rooms were named after the lucrative virtual currencies familiar to many conference participants: no 'City Coins', 'Farmville Cash' or 'Bingo Island Pearls'. The debate that ensued showed that the interests of social gaming and online gambling were not yet identical and led one commentator to speculate that the speakers' water bottles were filled with vodka (Takahashi 2012a). The newly formed Social Games Association rejected the label 'social gambling' entirely. Jez San, president and founder of real-money gambling firm PKR, argued that the goal of social gaming was to find 'whales' (big spenders) and get them 'addicted' to a game. Steve Donoghue, the gambling consultant acting as moderator, counselled San against his use of the term 'addiction', and then told him to 'shut up' when he kept interrupting.

Social gaming and real-money gambling have different business models and apparently sell different experiences: social games developers value the game experience and present themselves as selling ways to enhance that experience. Online gambling operators present themselves as selling opportunities to take financially consequential risks according to familiar and trusted templates. The two regimes of value are contrasting, and between 2010 and 2012 members of both industries found it difficult to communicate their possibilities to one another: social games because it required people to pay for entertainment without the possibility of financial return, and gambling because the games were so uninspiring that it seemed impossible that they would capture and hold anyone's attention. The shared solution to this problem was to create a distinction between the two products by identifying a single motivation for gambling – financial reward – and a multitude of possible reasons for play. As a result, the implications of social gaming – that games can be used to produce particular kinds of anticipations – have been used to modify peripheral aspects of real-money gambling but not, as yet, to produce new ways of combining risk and financial gain.

Several chapters in this volume contribute to the ethnographic record which shows that people gamble for many reasons other than the possibility of financial reward, including in order to redistribute scarce resources (Riches 1975, Woodburn 1982), protest capitalist accumulation (Papataxiarchis 1999), realign their social relationships (Pickles, this volume), affirm and enhance their status in a hierarchical society (Geertz 2005) or escape from the pressures of social life and even from a sense of self (Schüll 2012; also Chapter 6 in this volume). This chapter has described an idea expressed by members of the online gambling industry: that people gamble in order to win money, and the ways in which this idea is challenged by social gaming which makes play lucrative, rather than a 'barrier to deposit'. The North American machine-focused industry has already modified its offerings and now caters for those who wish to play for fun rather than those who play to win. Online operators in Europe are also rethinking their commitment to conservative offerings based on tried and tested land-based reward structures, particularly as the anticipations of social gaming become more established. This movement is most developed in the bingo sector, and least so in the table games and sports betting sectors, where changes to the traditional 'look and feel' of products are regarded as higher risk. Social gaming operators continue to coalesce around the game experience and deemphasise the monetising implications of the compelling architecture that they and their players have created – implications that are highly appealing to the gambling industry. Neither industry has broken down the distinction between gambling and play: as a result, convergence is superficial. It includes gambling operators drawing on the 'hooks' of social gaming mechanics and using social gaming sites to showcase products that are available in land-based casinos in jurisdictions where online gambling is illegal. It also includes social games developers producing casino games that draw heavily on the familiar anticipations of gambling and are more derivative than they are disruptive.

The courtship between gambling and social gaming has produced some notable acquisitions, partnerships and exchanges of personnel. Link-ups with social media sites; game mechanics including retention loops taken from social gaming, jackpots and bonus games for regular users; leaderboards and facilities to communicate with other players have all become more commonplace in online gambling, and new products are reported to be in testing (Maida 2012). However, the distinction between gambling and play is still invoked by both communities. A narrow set of motives continue to be attributed to gamblers, while gamers are interpreted through a growing spectrum of alternatives. The anticipations of gambling that were reinforced during the second half of the twentieth century in the casinos and betting shops of the United Kingdom have been naturalised and presented as unassailable. A solitary experience which includes the potential for financial return, however unlikely, is viewed as an essential part of gambling rather than just one way to play a game. This is despite all of the activity on social media which unsettles conventional distinctions between real money and alternative currencies, play and gambling, self and other. Despite social game developers' claims that they are able to use data to change behaviour, and the history of gambling which shows that lucrative practices change through time, albeit under unpredictable circumstances, both social game developers and gambling operators continue to imagine a distinction between gamblers and gamers that exists outside their products. In the face of all of the evidence to the contrary, they behave as though the technological unconscious was fixed and closed in this regard rather than fluid and open. This is not a contrast between social game developers and gambling operators, but something they have in common. It is this shared idea that keeps them separate, at least for the moment.

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Notes

1 For league tables of Facebook games see http://tinyurl.com/d5z8q7e.
2 For an overview of varieties of virtual currency schemes see European Bank 2012: 13–20. The report is reticent about the trade in virtual currencies outside game economies, the most reported of which is 'gold farming' by Chinese World of Warcraft players (Claburn 2009).
3 'Gamification' refers to the process of applying game mechanics and thinking to non-game contexts.
4 Events included the International Casino Exhibition (ICE) in London (free), European iGaming Summit and Expo in Barcelona (£1,659 plus VAT), iGaming Supershow in Dublin (free), Legal Gaming in Europe Summit in London (£1,395 plus VAT), Mobile and Tablet Gambling Summit in London (£995 plus VAT), ninth conference of the European Association for the Study of Gambling in Greece (755 euros), and the Inaugural conference of the Asia Pacific Association for Gambling Studies in Macau ($360).
5 Interviews took place at conferences, in coffee shops, restaurants and bars and at places of work. My relationship with each of these participants varied, and each produced particular kinds of data. For example, I have known some of my participants since I began working on horse racing in 1996. This enabled me to ask critical questions, drawing on our knowledge of one another and their trust that I would treat their information with care. In other cases I have only recently met new entrants to the gambling industry, but for whatever reason we may share an experience, or an opinion which creates a great deal of trust quite quickly. There are also both newcomers and people I have known for some time who are suspicious either of independent researchers in general or of me in particular. The gambling industry is heterogeneous: many people are interested in speaking openly with someone from outside their usual circle, but others are guarded

and view conversations with independent researchers as a waste of time or a potential threat to commercial secrecy or reputation.

6 For a discussion of the etymology of the two words, see an article by the American Gaming Association available at http://tinyurl.com/c2dese8.

7 A ‘social graph’ is a diagram that depicts all of the connections in a social network.

8 Earlier in the year, analysts at Union Gaming Research were less enthusiastic about growth: ‘IGT’s DoubleDown acquisition is failing to pay expected dividends, in our view, users were down 7% sequentially and costs are weighing on margins.’ Available at http://tinyurl.com/clamddx.

9 Not all of IGT’s investors are as enthusiastic about their entry into the social gaming market. In January 2013 one shareholder suggested that they should be focusing on their core products, providing machines for Asian and US customers, and that Double Down was ‘incredibly expensive’ (Peters and Mukherjee 2013).

10 In December 2010, Zynga ‘declined to be interviewed’ by *Gaming Intelligence Quarterly* because it is ‘not involved in gambling’ and ‘is keen to distance itself from any form of real world betting’ (Parry 2011: 45). In February 2012, after a torrid year during which it had lost 74 per cent of the value of its IPO, CEO Mark Pincus said that Zynga and online gambling are ‘a good natural fit’ (Lynley 2012).

11 Monetisation is the process of converting players into ‘payers’. According to the Casual Games Association Report in 2012, 20 per cent of social games revenues were derived from advertising, 20 per cent from offers and 60 per cent from virtual goods.

12 Freemium games allow users to play basic content for free and allow those who wish to pay for extra content to either take out a subscription or make one-off or repeated ‘in application purchases’.

13 In translation, ‘free to play beats play for real’.

14 As Schüll has indicated, these contrasts would be less pronounced between the heavily machine-oriented North American market which presents machine gambling as fun, or entertainment, and makes use of behavioral analytics to refine game algorithms designed to maximize time on device (2012).

15 Bartle’s typology identified four different kinds of players: Killers, Achievers, Socialisers and Explorers (1996).

16 A ‘monkey’ is Cockney rhyming slang for £500.

17 Casual games are similar to social games in that they require limited commitment relative to more traditional or ‘hard-core’ gaming. They do not necessarily include the use of the social graph or operate on social media, though they may. For a typology of different types of games, see Bateman and Boon (2006).

18 This explanation was also used by Schüll’s research participants in the North American machine gambling industry to account for the differences between live table gamblers and slot machine gamblers (personal communication).

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6 Turning the tables

The global gambling industry's crusade to sell slots in Macau

Natasha Dow Schüll

Introduction

Low-stakes slot-machine gambling has become the revenue mainstay of the gambling industry in North America, Australia and Europe, and legal access to the activity continues to expand in these jurisdictions as governments seek ways to bolster budgets without raising taxes. Yet as worries of domestic 'market saturation' arise, and as the economic recession slows the rate at which casinos replace old machines with new ones, stakeholders in technology-driven gambling are ramping up their efforts to secure new markets abroad. The Far East, with over four billion people and under 30,000 slots, is regarded as the most promising foreign frontier for the spread of machine gambling (Wee 2010)[1].

Macau, an area of 11 square miles off the southern coast of China, is seen as the key to unlocking the Asian-Pacific market. The territory became known worldwide as the 'Monte Carlo of the Orient' after Portuguese colonial officials legalised gambling there in 1847; since 1999, when Macau was returned to Chinese control as a 'special administrative region', it has been the only area of the People's Republic of China with casinos. Until recently, however, government restrictions made it difficult for mainlanders to visit. In 2003, in an effort to stimulate tourism and raise new tax monies, policymakers relaxed domestic travel restrictions to Macau and at the same time lifted economic restrictions barring foreign investment.[2] Leading companies in the global gambling industry quickly moved in to obtain operating licenses and contracts, hoping to gain access to a market of 1.3 billion Chinese nationals who, despite the mainland's ban on gambling, are known to be avid gamblers (see Osnos 2012; Leong 2011).

Only two years after the opening of its first Las Vegas–style casino, Macau saw its gambling revenues surpass those of Las Vegas; henceforth, the tiny city became known as 'the gambling capital of the world'. Macau has more than lived up to its new title: in 2012, annual revenues generated by its 32 casinos reached $38 billion – five times those of the 122 casinos operating in Las Vegas. Analysts project that the region will account for 34 per cent of total global casino revenues by 2015.

And yet, as foreign gaming entrepreneurs are often surprised to learn, the gambling scene in Macau is not simply a supercharged version of Las Vegas. In a near-exact reversal of the revenue breakdown in the United States, where upwards of three quarters of gambling revenue derives from low-rolling slot-machine players, in Macau three quarters of the revenue derives from high rollers in VIP rooms who place enormous bets at the green-felt table game of baccarat. The vast majority of these players are brought in by 'junkets', independent companies whose agents recruit wealthy gamblers, give them lines of credit and earn commissions on how much they bet (Osnos 2012).[3] When mass-market, non junket baccarat is taken into account, the game accounts for an astonishing 88 per cent of total gaming revenue in Macau.

'If you've been to Macau you've seen them four and five deep at those baccarat tables', wrote a gambling industry journalist in 2011 (Rutherford 2011). Slot machines, the same journalist reported, 'sit mostly untouched'. In a recent poll, nearly 90 per cent of Macau's casino patrons said they preferred table games (Liu and Wan 2011). The strong preference for tables is reflected in the fractional percentage of revenue that slots generate – a mere 4.6 per cent in 2011.

Stakeholders in Macau's gambling sector have a number of reasons to consider slots' lowly status a problem. For one, profits from high-rolling bets are less predictable than mass-market machine gambling because they are far more affected by larger economic forces like credit crises. They also involve pricey commissions for VIP junket organisers (Leong 2002). Slot machines, by contrast, require no such expense – nor do they require the employment of dealers, who are both costly and a challenge to find given the labour shortage caused by the recent economic boom in Macau (Ho 2005, 2006; Leong 2011; Quinta 2011; Osnos 2012). Finally, because the Chinese government has set caps on the number of table games permitted in Macau, it is difficult to expand that market (see Jacob 2013; Anderer 2012: 14).[4] There is currently no cap set on slot machines.

The gambling industry executives, managers and designers tasked with the challenge of overcoming the unpopularity of slots in Macau invariably frame the problem as a question of culture – a 'cultural aversion', a 'cultural objection' or a form of 'cultural resistance'. Accordingly, their counteractive strategies tend to take the form of 'cultural adaptation', to use the phrase of one industry analyst (Kale 2009: 110). Cultural adaptation can be seen to operate at two levels: on the one hand, there are efforts to adapt the slot product to players' culture (as construed by industry stakeholders); on the other hand, there are efforts to adapt players to the product. These two modes of cultural adaptation, working in concert, drive the global gambling industry's crusade to 'turn the tables' in Macau.

This chapter takes a close look at the innovative practices and products that casino marketers and technology designers have developed in the service of this crusade, and at the formulations of culture on which these practices and products are based. I begin with a sketch of the industry's ideal model of slot machine play – a model fashioned after the kind of mass-market 'repeat play' that can be found in the United States and other machine-strong markets (Schüll 2012). Next, I examine the resistance that casino executives and slot designers face in their attempt to cultivate mass-market machine play in Macau and show how they make sense of that resistance in relation to a particular conception of Chinese 'culture'. Finally, drawing on a series of video interviews (Jalal 2011a, 2011b, 2011c, 2012) with these executives and designers, their recorded presentations at international gaming conferences and articles in trade journals, I explore the various techniques and technologies they have developed to 'win the hearts and minds' of Asian gamblers, as Catherine Burns of Bally Technologies characterised the objective in 2010 at the Global Gaming Expo in Macau. As we will see, these techniques and technologies – commonly referred to as 'market attunements' – are designed both to appeal to the imagined motivations, preferences and habits of the Chinese player and to shift those motivations, preferences and habits.

The Western slot player: a born race for technology

Until the mid-1980s, green-felt table games such as blackjack and craps dominated casino floors in the United States while slot machines huddled on the sidelines, serving to occupy the female companions of 'real gamblers'. Often placed along hallways or near elevators and reservation desks, rarely with stools or chairs in front of them, the devices occupied transitional spaces rather than prime casino real estate. By the late 1990s, however, gambling machines had moved into key positions on the casino floor and were generating twice as much revenue as all 'live games' put together. It became common to hear them referred to as the 'cash cows', the 'golden geese' and the 'workhorses' of the industry (Schüll 2012: 5).

Several factors contributed to the dramatic reversal of slots' once trivial presence in the gambling economy. Because they were relatively unburdened by the taint of vice as a result of their association with women, retirees, and youth arcade gaming, they played a key role in the spread of commercialised gambling in the 1980s and 1990s as recession-stricken states sought new revenue sources. The low-stakes devices fitted comfortably with the redefinition of gambling as 'gaming' by industry spokespeople and state officials who hoped to sway public endorsement of the activity as a form of mainstream consumer entertainment rather than moral failing or predatory entrapment.

The cultural normalisation of machine gambling was further facilitated by the growing consumer familiarity with screen-based interaction that accompanied the rise of the personal computer and electronically mediated entertainment such as video games. 'Technology is extending to every area of society,' said a panelist at the 1999 World Gaming Congress and Expo, where industry executives had gathered from around the country to speculate on the promising future of slot machines. 'People are attuned to what's around them, and it's becoming the norm for them to use these sorts of devices – in fact, they're coming to expect it. There's a growing tolerance for technology' (Stuart Bull, Aristocrat Gaming).

Contemporary slots typically feature video screens instead of mechanical reels and buttons instead of handles, and they accept credit cards and barcoded paper tickets instead of coins. The ongoing incorporation of digital technology into gambling machines has altered the gambling experience in subtle but significant ways, enabling a form of play that is solitary, continuous and rapid. It is possible to complete a game every three to four seconds, with virtually no delay between one game and the next. Regular slot gamblers describe how the asociality, flow and speed of machine play can have the effect of suspending time, space, monetary value, social roles and sometimes even a sense of one's own existence. This kind of gambling is not an occasion for the face-to-face 'character contests' that the sociologist Erving Goffman, himself an avid gambler, wrote about in the 1960s; rather, it is a reliable mechanism for 'zoning out', as machine gamblers often phrase it. In the zone, the aim is not to *win* but simply to *continue*.

Slot gamblers are after 'time on device', the gambling industry's term for a mode of machine gambling that is less about risk and excitement than about maintaining a hypnotic flow of action – a mode that happens to be especially profitable for casinos. 'Our best customers are not interested in entertainment,' acknowledged a slot machine designer from a company now owned by International Gaming Technology (IGT), the nation's largest slots supplier. 'They want to be totally absorbed, get into a rhythm' (Gardner Grout, interview with the author).

Over the last decade, recognising how lucrative this kind of play can be for casinos, machine manufacturers have introduced 'high hit frequency, low volatility' video slots that allow gamblers to sit for extended periods at nickel or even penny machines, their play characterised not by long dry spells rewarded with the exhilarating shock of a large jackpot, but by a steady, relaxing stream of small wins. They do not 'play to win', but 'play to win to play', to use game designers' expression. So-called dribble-pay or drip-feed games, often played with nickels or pennies, nibble slowly at a gambler's budget until it is gone (for a detailed discussion of the technological innovations that enable this kind of reward schedule, see Schüll 2012: Chapter 4).

In the United States, Canada and Australia, such games lead the market. The industry has become heavily invested in extending the global reach of its new 'Costco model of machine gambling', as one gambling executive has described it, referring to a cut-price retailer in North America whose profits derive from the volume of spending rather than product price.

The Chinese gambler: a cultural aversion to slots

It is against the Western-derived figure of the repeat player – a mass-market customer who gambles alone, for time-on-device rather than big wins – that gambling executives understand the motivations, preferences and habits of the machine-averse 'Chinese gambler'. To this gambler they ascribe a range of 'cultural' characteristics: a desire to win big, a strong appetite for risk, a belief in luck, a distaste for the asocial nature of machine gambling and a distrust of slot machines' computerised programming. These traits, linked together in industry narratives to form a cultural and psychological profile of 'the market' in Macau, serve as interpretive touch points in accounts of gamblers' lack of interest in the low-stakes, low-volatility, asocial and computer-mediated activity of slot machine gambling.

At the 2010 Global Gaming Expo in Macau, in the course of a slot-operators' roundtable called 'A Growing Game', the director of slot operations at a local casino described how his team had ‘struggled to get people onto the product’, with little success (Lindsay Stewart, Sociedade de Jogos de Macau). The problem, as he saw it, was that the product in question did not lend itself to the kind of gambling that his customers sought. Culturally disposed to view gambling as a means of monetary gain rather than a form of entertainment on which to expend money (as in the West), these customers found no appeal in games designed for players seeking time-on-device; instead, they were drawn to high-stakes, high-volatility table games (see also Lam 2007; Ye 2009; Leong 2011).

Industry narratives of Asian gamblers’ overweening desire to win big frequently link this desire to their strong ‘risk-taking propensities’ – another cultural characteristic said to set them apart from the relatively risk-averse slot players who generate the bulk of the gambling industry’s profits in the West (Ozorio and Fong 2004). In contrast with those penny-betting slot players, the typical Asian gambler is seen as willing to bet a significant portion of his income in the hopes of a life-changing windfall (CLSA 2[illegible]; Ye 2009; Osnos 2012).

A readiness to risk, note casino managers in Macau, is particularly apparent among Chinese gamblers, who make up nearly 60 per cent of the visitors. Some interpret this as ‘a result of China’s relatively recent transition from economic poverty to prosperity’ (Lam 2007); mainlanders are regarded as a new, unsophisticated market, not as financially well off as visitors from Hong Kong and Taiwan and more likely to view gambling as ‘a shortcut to financial achievement’ (Lam 2012). In gambling they are thought to be seeking to better their lot in life and catch up with the recent economic turn in China.

Another cultural explanation that the gambling industry frequently invokes to explain Chinese gamblers’ readiness to take big risks is a belief in luck and the rewards it can confer (Ye 2009). Desmond Lam, a marketing professor at the University of Macau who specialises in the psychology of Chinese gambling and frequently publishes in gambling industry trade journals, writes that while Western gamblers tend to have statistical probability in mind when they take risks, Chinese gamblers regard winning as a function of luck – something that can be swayed (Lam 2007, 2012). A luck-based orientation to chance, according to Lam and others, accounts for their ‘illusion of control’ over outcomes and their strong superstitious beliefs (Lam 2007, 2009; Oei and Raylu 2009; Ye 2009). The luck-oriented gambler ‘concentrates on “signs” that will tell if that person is lucky at that moment or if his or her luck can be trusted to make the right decision’, explains one scholar in a thesis comparing Chinese and Western gamblers completed for a master’s degree in hotel administration at the University of Nevada, Las Vegas (Ye 2009: 12).

Notions of luck are understood as a factor in Chinese gamblers’ gravitation to face-to-face forms of gambling for lucky signs are thought to be most readily apparent and legible in collective settings. In China, writes a reporter in the trade magazine *Casino Journal*, the attitude is that

> everyone wins when the good of the whole takes precedence over the passions of the individual. [. . .] Entire families make the crossing from Zhuhai or ride in on the ferry from Hong Kong, determined to strong-arm Fortune into revealing to them their destiny, if only for the day, and the more collective

> spiritual muscle you can bring to bear on the contest the better. (Rutherford 2011)

The solitary encounter of machine gambling, he goes on to suggest, runs counter to the collective spirit of Chinese gambling. 'Chinese culture does things communally, and it's not communal when you're alone in front of that machine,' said American Gaming Association president Frank Fahrenkopf while moderating a 2007 panel at the Global Gaming Expo in Las Vegas. 'We hoped we could figure out a way to pull people off the tables', one of the panelists recalled of early attempts to promote slot machine gambling in Macau, 'but that's really complicated because there's a whole social aspect.'

If Chinese gamblers view the 'social aspect' of gambling as critical to enhancing their luckiness, they view slot machines as distorting the natural course of luck. The fear, explains an industry journalist, is 'that you're taking on a machine, an inanimate, insentient object that cannot be appeased or cajoled and might well be rigged against you' (Rutherford 2011). 'Asian players have very strong doubts about anything related to electronic games,' confirmed the president of an Asian gaming company at G2E Asia in 2010 (Simon Liu of Jumbo Technology). 'They think there is always something predetermined or calculated or computed behind every hand so they don't trust it' (see also Ho 2006).

As correspondents frequently explain in their cultural dispatches from China, machines are known as 'hungry tigers' in Cantonese and regarded as 'preprogrammed money eaters that can be manipulated by casino operators on the fly' (Anderer 2012: 12; see also Lam 2005; Johnson 2006; Jalal 2008; Ye 2009). The supremely popular baccarat, by contrast, is considered to be the fairest game in the casino because 'the casino merely acts as a "referee" who takes only a small commission from each game' (Leong 2002: 85; see also Lam 2012). Of all the cultural obstacles that the global gambling industry faces in its Asian-Pacific venture, it is gamblers' distrust of slot machines themselves that looms largest, for it strikes at the heart of the technology itself.

Market attunement: adapting machines, adapting gamblers

Low as Macau's current slot revenue figure of 4.6 per cent is, it is an impressive gain from the 2003 figure of 0.8 per cent and represents a tripling of the 2009 figure. Most in the gambling industry, heartened by this upward trend, expect the jurisdiction's slot income to eventually surpass its table income. 'The general feeling in the industry, particularly among slot vendors', wrote an industry analyst in 2006, 'is that Asian players will enjoy slots almost as much, if not just as much, as their American brethren once they are exposed' (Anderer 2006: 4). A strong machine market will emerge in Macau, another analyst similarly speculated in 2008, as gamblers 'finally start trusting and becoming familiar with gaming machines' (Legato 2008). Some believe this trust will grow organically as younger players enter the market. 'China is the fastest-growing electronically literate country in the world and that's going to breed a new generation of players who are exposed to electronic games,' observed one gambling executive (Lindsay Stewart, Sociedade de Jogos de Macau). ‘It’s very early in the evolutionary process and we will continue to make inroads.’

Others are less sanguine about the process. ‘When it comes to slot machines, the edict *Build it and it will pay* will definitely not work in Macau,’ a consultant to the industry has commented (Kale 2008: 10). Instead, a concerted campaign of market cultivation is seen as the way forward. The cultural traits that the industry ascribes to Chinese gamblers serve not only to explain the resistance to slot machines, but also to guide the efforts of designers and managers to shift their customers’ gambling habits. ‘While one cannot change the traits of Chinese gamblers overnight, one can however devise and implement better strategies to promote slot play,’ wrote Lam in 2005 (Lam 2005: 71). As an industry journalist reported the following year, ‘Many international manufacturers have set up marketing offices in the city in order to get closer to local clients’ (Ho 2006).

The robust presence of slot manufacturers at the annual Global Gaming Expo Asia – a smaller version of the premier annual trade show in Las Vegas, where industry members from around the world convene to take stock of the latest trends and products in the world of gambling – attests to their commitment to fostering mass-market machine play in Macau. While attending G2E Asia in 2009, industry consultant Sudhir Kale was surprised to find 40 exposition booths – one in four at the show that year – occupied by slot machine companies. This struck him as bizarre given that at the time Macau had ‘the lowest slots-to-tables ratio of any gaming jurisdiction in the world’ and derived a mere 3.5 per cent of its gaming revenue from machines’ (Kale 2009).

Kale’s surprise grew as he left the exposition hall to explore Venetian Macau, to this day the largest casino in the world, and found that its slot areas were largely empty. How to square customers’ low participation in slot machine gambling with the vigorous participation of slot companies at the meeting? He returned to the exposition hall to ask the vendors why they had come and what their strategies for turning the market from tables to slots might be. The responses they gave Kale suggest that two dynamically interrelated approaches are at work, both of which can be described as forms of ‘market attunement’, in the current jargon of the global gambling industry.

What, exactly, is market attunement? ‘Market-attuned games’, reads a 2012 press release from IGT, the slot design and manufacturing company with the largest international market in the world, ‘are designed to appeal to global audiences and are tailored for specific regional cultures with localised themes and appeal’. In a series of video interviews conducted at the Asian Global Gaming Expo in 2011 for the website edition of *Inside Asian Gaming,* Kareem Jalal, a leading foreign correspondent for the industry, queried a number of slot company representatives about this increasingly common design philosophy. Craig Churchill, senior vice president of international sales at IGT, told Jalal:

> Market attunement is all about ensuring that we’re producing games that really resonate with the patrons and consumers. We’ve been doing some very

> expensive research over the past 18 months on getting that deep psychological understanding of the motivations of players in local market places. It's not, anymore, about designing games for the North American market and putting them into the Asian marketplace. (Jalal 2012)

'We're launching more and more games designed for Asian Players,' reads an IGT advertisement in the March 2013 issue of *Inside Asian Gaming*.

The Asian-Pacific region, and Macau in particular, has become a critical laboratory for industry experiments with methods of market attunement. Catherine Burns, a representative for Bally Technologies, told Jalal about the special studios her company had set up to 'focus on Asian games' (Catherine Burns, quoted in Jalal 2011a). The representative for Aristocrat Gaming spoke of his company's plans to assemble an 'Asianized' portfolio of games (David Punter, quoted in Jalal 2011b).

What does the process of market attunement in Asia entail? At the most basic level, it involves translating game directions and arranging button panels and displays in a way that is legible to local audiences – something that was rarely done in the early days of slot machine globalisation. A step up from linguistic and operational translation is the work of cultural translation, which happens at a number of levels, including games' thematic content, mathematical structure, social connectivity features, and communication of integrity and trustworthiness.

In the last decade there has been a veritable explosion of Asian-themed games. In contrast with crude attempts at 'cultural marketing' – as in the 1990s when IGT introduced the Fortune Cookie slot machine to protests of racism from some gamblers – international slot design teams have become savvy producers of wildly popular games like Fa Fa Fa (which means Get Rich! Get Rich! Get Rich! in Cantonese) by the Australian-based company Aristocrat. The game, which has become 'Asia's most successful slot product' (Anderer 2012: 15), delivers a stunning jackpot when three faces of the God of Fortune (Choy Sun) line up horizontally. Other popular Asian-themed games prominently feature dragons, geishas and the monkey god; in one, a bonus feature allows players to 'slay' tigers (Johnson 2006). 'We are working closely with IGT', said Lance Gautreaux, vice president of slots operations at the Venetian Macau, 'trying to incorporate a lot of Chinese culture and beliefs into the games and graphics' (quoted in Anderer 2012: 15). 'We've got some themes and math models that we think will be popular with the local market.'

Gautreux's mention of 'math models' refers to culturally modified game algorithms designed to create higher volatility and the possibility of larger jackpots. Instead of formatting games' math with time-on-device gamblers in mind, designers format them for gamblers who are playing to win and are willing to risk large losses (Lam 2005: 71). 'Volatility is the overriding profile for the slot player in Macau,' said IGT's Churchill (Jalal 2012). 'We've got games that have the themes and the volatility that Asian players need,' reads a full-page IGT advertisement in *Inside Asian Gaming*, going on to describe two such games, Fire Dragon and Golden Pheasant. The notion that 'slot machines aren't for high rollers', a Macau-based publication asserts in a feature article written to educate local gamblers on the appeal of electronic gambling 'is simply no longer the case' ('Rise of the Machines' 2013):

> In some jurisdictions machines now account for more than half of casino revenue, seeing slot players amongst the most respected people on property – with comps and status to match. Electronic gaming is Macau's fastest growing form of play, and the big casinos are rolling out the red carpet for the many high roller slot players who visit their properties.

To reinforce the notion that high rollers should pay heed to slot machines, high-stakes versions are often placed in special VIP rooms.

Another technique for boosting slots' appeal in the eyes of the play-to-win gambler is to link numerous machines together such that their jackpots grow over time as gamblers collectively contribute a portion of each bet to the pool. Linked machines with a communal jackpot have the additional benefit of adding a sense of collectivity to the otherwise asocial process of machine gambling. A recent spate of 'community games' goes a step further in the direction of Lam's recommendation that the industry work to 'increase the connectivity' of its slots (Lam 2005: 71) by allowing slot gamblers to compete with and against each other even as they play at their own terminals. Games like the popular Dragonboat 'appeal to the collective nature of Chinese society' (Kale 2008: 10).

Finally, how to modify machines in a way that can counter the market's distrust of computer programming as an unfair, suspect distortion of luck? Lam suggests that 'casino operators in Macau may consider bringing back the traditional pulling lever for slots or creating new devices that enhance the illusion of control' (Lam 2005: 71). Others believe that making machines' hidden workings more transparent would help. Gautreux at the Macau Venetian explains the logic behind the recent decision to publish and publicise the technical standards for machines: 'With the release of the technical standards, any player can go online, read through the standards, understand that the machines are regulated and that there are requirements that have to be met before a machine can be approved and placed on the floor' (quoted in Anderer 2012: 13). This kind of transparency, he believes, will help promote the 'integrity of slots' and cultivate market trust. 'As the slot market grows and guests grow more comfortable with the machines', he writes, 'they are becoming more aware of how they work, more comfortable playing the games and the mechanics behind playing the games.'

The gambling industry's most successful strategy for cultivating trust in screen-based gambling thus far has been the development of semiautomated and fully automated electronic tables, known as 'e-tables'. E-tables render traditional, group-oriented games like poker, blackjack and even craps in an electronic format. Gamblers who gather around these tables – which are classified as slot machines and so do not count against the government caps on table machines – are equipped with individual video screens and consoles while live dealers are replaced by the centre screen of the table itself, which sometimes features digitally simulated croupiers who verbally address and even make simulated eye contact with players (Grochowski 2007: 36).[5]

To overcome players' distrust of electronic formats and demonstrate the true randomness – and thus fairness – of the process, some e-tables feature upright video displays showing how outcomes are selected from real decks of cards, or, in the case of roulette, a real ball. 'Live streaming' versions of e-tables similarly seek to increase trust by showing players live video of the actual table games they are betting on. (This setup also works to foster a sense of camaraderie and communal outcome, since many players around the casino are all betting on the game shown in the live feed.) Andy Crisafi, vice president of operations at a Macau casino, explains the strategic logic at work in live streaming: 'It's the whole trust thing . . . players can view the cards being dealt in real time. This appeals to a segment of the market that is still somewhat skeptical of electronic table games' (quoted in Anderer 2012: 13).

Another version of e-tables, known as 'hybrid tables', are designed to overcome gamblers' skepticism by allowing them to compete against a live roulette wheel, dice shaker or card shoe (Bradford 2013). By incorporating familiar, non-virtual elements – a ball bouncing, dice jumping or cards being dispensed – they 'can be an educational tool for players to accept the technology . . . *a very good catalyst for us to transfer people from tables to video slots – a catalyst to change players' habits*', said Simon Liu, president of the Macau-based gaming company Jumbo Technology, at the Global Gaming Expo in 2010 (author's emphasis).

Liu's comment on the habit change that e-tables can bring about suggests that market attunement is not just about modifying gambling devices to fit with players' cultural proclivities; it is also about shifting gamblers' proclivities. In this second sense of market attunement, players are the objects of change and technological innovation is the vehicle of that change. E-tables, for example, are often strategically positioned between live games and their fully mechanised counterparts, serving as a gateway into the world of machine gambling – or, as one casino executive put it in 2006, 'a transitional product from tables to slots'.

The story of Macau's Mocha Clubs casino, a venue with no table games, offers a striking case of e-tables' role in shifting market attitudes and habits. When the casino opened in 2003, it presented a gaming area with a cosy coffee shop ambience (including a coffee smell) and introduced multiterminal e-table versions of familiar games like baccarat and roulette to convince Chinese players to give slots a chance (Ho 2005, 2006; Jalal 2011c). These e-tables originally accounted for about 70 per cent of the casino's total revenues – yet they 'drew crowds who gradually began to explore the other idle slot machines' (Ho 2006). Mocha's president, Constance Hsu, recalls: 'As those multiterminal players became accustomed to playing on machines and they saw some of the slot players winning jackpots, they began tentatively approaching the slot machines' (quoted in Jalal 2011c). By 2006, she noticed a 'steady shift' from the e-tables to the slots, and e-tables were downscaled to 50 per cent of the games on offer; by 2011, they had been cut back by another half, accounting for only one quarter of the machines on the casino floor. Casino managers, working together with slot technology companies, had 'achieved their objective of using multiterminal games to drive Chinese gamblers to slots', a journalist wrote for *Inside Asian Gaming* in 2006, the year that traditional slots took over from e-tables as the leading source of machine revenue in Macau (Ho 2006; Jalal 2011c).

Some casino executives in Macau, Hsu among them, see evidence of a dispositional shift in the local market toward the subjectivity of the 'repeat player' who seeks time-on-device and a retreat from the social world in slot machines. 'Slots in Macau are attracting a new demographic of gambler seeking to while away a few hours without staking [expensive] table minimums,' reports a journalist. 'The

Figure 6.1 'Rise of the Machines', cover story in *World Gaming Magazine*, issue 21, January/February 2013. Available for download at http://www.worldgamingmag.com/en/wgm/front-covers#issue21.

coming years', he predicts, 'will see more middle-class mainland Chinese coming to Macau, raising demand for slots . . . Macau is moving towards the Vegas model at an accelerated pace' (Ho 2006).

Conclusions

In the field of science and technology studies over the past decade – a period that happens to coincide with the gambling industry's crusade to 'turn the tables' in Macau and create a culture of machine play – a number of scholars have focused on attunement in the design of consumer products. The sociologist Michel Callon and his colleagues Méadel and Rabeharisoa, for instance, have described consumer product design as an iterative process of successive adjustment in which 'what is sought after is a very close relationship between what the consumer wants and expects, on the one hand, and what is offered, on the other' (2002: 202). They construe this relationship as a symmetrical 'collaboration between supply and demand' (212) wherein corporations and consumers meet on even ground, holding roughly equal hands, in order to mutually satisfy their respective desires. Schot and de la Bruheze describe a similar 'mediation process between production (supply) and consumption (demand)' in which there is a 'mutual articulation and alignment of product characteristics and user requirements' (2003: 230). In Nigel Thrift's account of this process, products are understood to emerge through a dynamic 'co-creation' in which corporate concerns 'lie ever closer to the concerns of the consumer' (2007: 35).

The story of so-called market attunement in Macau offers a rather less democratic reading of the dynamic relationship between supply and demand. Attunement, in this case, does not appear to be a process of symmetical co-creation, but a strategic venture, articulated and executed by the gambling industry, to shift customers' motivations, preferences and habits. 'Basically', said an executive for a slot supplier to Mexico, summing up the industry's global ambitions for machine gambling 'what you're doing is establishing player habits. We get our machines down there, and the players start becoming familiar with them and they like them, and you keep those players' (Burke [illegible]). Essentially, what he describes is a project of market creation in which new player dispositions are inculcated via technological mediation.

This is not to say that there is no dynamism to the project. As we have seen, the thematic alignments, mathematical adjustments and other innovative technological modifications in the industry's attunement repertoire are sensitive to the proclivities of players and indeed shape themselves as responses to those proclivities (for more on the iterative process of game design, see Schüll 2012 and Cassidy, Chapter 5 in this volume). Yet it is important to recognise that agency is distributed assymmetrically in the dynamic that unfolds between the industry and the players; instead of attunement as co-creation, the process is better conceived as 'attunement by design'.

Notes

This paper draws on sections of the introduction, Chapter 4, and conclusion of my book *Addiction by Design: Machine Gambling in Las Vegas* (Princeton, NJ: Princeton University Press, 2012).

1 For a discussion of the globalisation of gambling more generally since the 19[illegible], see McMillen 2006.

2 At present, gambling taxes account for 70 per cent of government income in Macau. All revenue statistics cited in this chapter are taken from the Macau Gaming Inspection and Coordination Bureau.

3 Junkets are a way to get around the ban on advertising gambling in mainland China, the law that Chinese nationals can carry no more than a few thousand dollars on a trip to Macau, and the fact that it is illegal to collect on gambling debts. As Osnos explains: 'Working through junket operators is a legal bypass around those problems, because the operators will recruit rich customers from across China, issue them credit, and then handle the complicated business of collection.' The junket system, which lends itself to money laundering, has long been 'susceptible to the involvement of organised crime' ([illegible]; see also Leong [illegible]).

4 The government has restricted table growth to 3 per cent a year between 2013 and 2020, severely limiting the potential expansion of table gaming market (Quinta 2011).

5 As vehicles for transitioning the market from tables to slots, electronic tables create significantly more profit than their nonelectronic counterparts, not only because they eliminate human mistakes (e.g. misread hands, accidentally flipped cards, inaccurate deals, or mistaken payouts), but also because they facilitate a much faster pace of play and allow players who are temporarily out of action to make 'side bets.' Another advantage that e-tables confer upon the house is their ability to track the details of players' real-time behaviour, a feat not possible on conventional table games. The hope is that as local players 'get used to machines', they will also get used to player tracking cards (Jasper Hsu, president of Jumbo Technology, Global Gaming Expo Asia 2010).

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7 'Never a dull day'

Exploring the material organisation of virtual gambling

Ghazaleh Gariban, Sytze F. Kingma and Natalia Zborowska

Introduction

Internet gambling is a young market which rapidly expanded during the first decade of the twenty-first century (Gainsbury 2011; Williams, Wood and Parke 2012). Since the first online casinos were launched in 1995, rapid expansion of the internet gambling industry has taken place. In principle, internet gambling services, such as casino games or betting, can be accessed from locations all over the world, provided a customer has internet access and the facility to deposit money with the gambling operator. The revolutionary technological and commercial development of the internet enabled operators to create new gambling platforms, virtual spaces in which customers can easily gamble online behind screens via a mouse click.

Internet gambling should be regarded as a revolutionary development because it breaks with the conventional time-spatial organisation of gambling. The conventional casino, for instance, is defined by a closed and completely guarded 'panoptic space', in which gambling services are strictly demarcated from the outer environment (Kingma 2008b). On a larger scale, conventional gambling regulations include municipal and national gambling jurisdictions which strictly define and regulate gambling opportunities. Differences between these jurisdictions have often been a cause of cross-border gambling. However, internet gambling is something different. Internet gambling crosses conventional boundaries in a nonlinear fashion. Once connected to the internet, gambling opportunities can be accessed, in real time, from everywhere. Therefore, the internet does more than provide the gambling market with new products. The internet not only enables new kinds of gambling but also represents a new mode of gambling, which undermines and challenges conventional modes of gambling consumption, operation and regulation.

Internet gambling represents a new way of gambling, characteristic of the information age's mode of production. This new way of gambling has three basic features: 1) It is 'flexible', or time and space independent; 2) it is 'virtual', or representational in the sense that it consists of a technologically predefined gambling order based on algorithms and images; and 3) it is 'interfaced', or mediated, that is, players have to activate and operate the online casino with the use of electronic 'play stations' in order to be able to participate and create meaningful gambling experiences. Gambling on the internet implies that one no longer has to go to a casino, a betting shop or a racetrack. Instead, one downloads a simulation of the gambling facility on the preferred device at a preferred gambling place, for instance, at home. For gamblers, but often also for regulators and researchers, internet gambling products appear on websites at an abstract and ungraspable level, and leave them with a rather volatile and mysterious impression of the gambling facility. This invites the question of who is, and what goes on, behind the screens. How can we understand and study this new mode of gambling?

Research has largely focused on the consequences of internet gambling rather than its practices (Gainsbury 2011; Williams, Wood and Parke 2012). Regarding consumption, the focus mostly is on participation rates and the prevalence of problem gambling. Regarding operators, the focus is on the features of gambling products and the returns. And regarding regulation, studies have focused on the responses of states to the cross-border reach of internet gambling, as well as the litigation and lobbying to which internet gambling companies resort in order to promote their interests (Kingma 2008a; Della Sala 2010). However, these studies mostly overlook the role played by the material and technological practice of internet gambling, such as the actual locations of internet gambling activities as well as the sites of internet companies and the jurisdictions that accommodate internet gambling.

There are a few notable exceptions. For example, Borch (2009) examined how Norwegian couples managed internet gambling consumption in the context of their households. Zborowska, Kingma and Brear (2012) have described the development of Gibraltar as a European hub of internet gambling providers, demonstrating the ways in which the co-creation of internet gambling regulations by state and market forces was partly motivated by safeguarding and enhancing the reputation of both the state and the internet gambling industry. These types of research contribute to the analysis and understanding of the ‘space of flows’ of internet gambling. The concept of the space of flows was developed by Castells (1996) to address the ‘material organisation of time-sharing social practices’ that work through flows of capital, labour and information (Stalder 2006: 145–154). The great advantage of the concept of the space of flows, which is contrasted from but closely interacts with the ‘space of places’, is that it recognises that electronic networks and virtual structures are grounded in material practices that can be studied. Castells and several other authors have consistently argued that there is a real and material side of the virtual world of the internet which is of crucial importance for understanding the phenomenon of the internet itself (Castells 2001; Woolgar 2002; Shields 2003). While internet gambling organisations may have a global reach, and may be flexible, networked and virtual, they nevertheless always have a material existence somewhere, and are linked in many ways to local services, communities and regulations.

In this chapter we explore the space of flows of internet gambling using a case study of the development of a single internet gambling company, which we will refer to with the pseudonym ‘Easy Bet’. Easy Bet is a medium-sized, traditional offline British sports bookmaker that developed an online subsidiary in Gibraltar. Apart from a very small Easy Bet logo next to the company's doorbell, Easy Bet's main office is an ordinary building which gives no clues as to what kind of company could operate behind its walls. However, if you take a look inside the building you gain an insight into the nature and the extent of organisational resources that are required for operating a moderately sized internet gambling company. We will reconstruct the historical development of this company, from an offline bookmaker to an international online gambling company. We will also specify what characterises this internet gambling organisation. Specifically, we examine the relationship between the company and the customer who almost never meet and communicate entirely through the interface of the website.

The case study: Easy Bet

Easy Bet is a privately held family bookmaker, established in 1971 and one of the leading internet gambling companies in the EU. The company's core business is a sports book, which offers betting opportunities on all kinds of international sports events. Its website also offers poker, casino (roulette, blackjack, Monopoly, etc.) and other online games (for example, virtual horses or Mega Fortune). Due to fierce competition in the internet gambling sector, the vast majority of providers tend to offer a variety of gambling products. However, most of them have a core business with which the company is associated. For example, 888.com is primarily a casino company, Partygaming was famous for poker and Easy Bet for betting. Easy Bet started as a small traditional offline bookmaker in the United Kingdom. Around the year 2000 Easy Bet developed an internet gambling subsidiary in Gibraltar.

In 1973 Edward Johnson (a pseudonym) opened his first shop in a traditional racing village. The business grew to eight shops. The name Easy Bet was adopted when Johnson engaged in a business partnership with another bookmaker. When in 1998 Johnson's partner passed away he became the sole owner of Easy Bet. In 1991 Sky Sports was launched and Johnson saw an opportunity for betting during televised football games. Easy Bet pioneered 'in-play live betting', now an important and growing part of the online market. The company grew rapidly and in 2001, they moved to bigger premises in the United Kingdom. Easy Bet started the first remote business with approximately 20 employees. At that time the remote business was still rather complicated, because every bet had to be placed manually onto an account. With the introduction of credit card terminals the process became slightly automated but employees had to enter 16 digits into the terminal, which regularly led to mistakes.

While other traditional bookmakers were chasing after big players, Johnson pursued a different business philosophy, taking many small bets which offered a more secure business. Easy Bet aimed for the wider consumer market. However, the administrative work made this strategy uneconomic until computerised information and communication technologies solved many of the operational problems by automating card procedures and recording telephone calls. With new technology and the vigorously promoted concept of in-play betting, Easy Bet became a solid brand in British bookmaking.

In 1998, the opportunity emerged to start a business in Gibraltar. With its attractive tax regime, combined with the advantages of sharing the same language and currency, Gibraltar offered an excellent location for British gambling companies to base their remote gambling business. Until 1998 only Victor Chandler International and Ladbrokes were licensed international bookmakers in Gibraltar. However, this exclusivity expired on 31 March 1998 and the very next day Easy Bet was licensed, and started with a telephone betting service that later developed into an internet gambling company. For Easy Bet, the new office in Gibraltar also meant the start of the internet gambling business. At the beginning, Easy Bet targeted only customers outside the United Kingdom. However, in 1999 after Victor Chandler won a court case which permitted overseas bookmakers to advertise on teletext in the United Kingdom, bettors became aware that they did not have to pay the 9 per cent UK gambling tax if they bet overseas. As a consequence, the business of UK bookmakers rapidly declined, forcing Easy Bet to start targeting UK gamblers from Gibraltar. Although in 2001 the UK government abolished the 9 per cent tax for bettors, Easy Bet kept the business in Gibraltar and simultaneously built a call centre in the United Kingdom to accommodate British bettors. However, instead of taxing the bettors the UK government now took 15 per cent gross profit tax from the bookmakers. This meant a great competitive disadvantage to UK bookmakers in comparison to bookmakers fully based in Gibraltar, who were not subject to this tax. In 2009 Easy Bet's call centre, which at that time employed approximately 120 people, also moved to Gibraltar. Since this time, the online betting company Easy Bet Plc and the offline betting shop company Easy Bet UK, which operates approximately 35 betting shops across the United Kingdom, has largely diverged.

Methd s

The internet gambling sector is a vast and diverse sector. In 2012 there were approximately 2,300 websites offering internet gambling, and operators differ from each other by their products offered, markets they target, their size and locations from which they operate. What constitutes an internet gambling company, and how do the material and the virtual dimensions of such a company interact? A qualitative, phenomenological approach can provide the in-depth information that is necessary to answer these questions. Using this approach, organisations are studied in situ and researchers seek to understand the social world as constructed and reconstructed on the basis of people's interactions and interpretations (Neyland 2008). Thus, Easy Bet has been studied through the 'interpretative lens', which enabled us to understand how organisational members give meaning to their work and organisation. Access to the research site was gained by one of the authors, who had established contacts in the context of her PhD. In the period from March to June 2011, one of the researchers spent a total of six weeks in the field, four weeks at the headquarters of Easy Bet Gibraltar and two weeks at the headquarters of Easy Bet UK. Ethnographic methods constituted the main research tools. We combined interviews, observations and document analysis as sources.

During the course of this study 25 semi-structured interviews were conducted; 15 were held at Easy Bet Plc in Gibraltar, and one with a former employee of Easy Bet Gibraltar; the remaining nine were held with employees from Easy Bet UK. Our aim was to gain a diverse sample covering all departments of the organisation. In addition to the interviews, observations were made in order to be able to describe the organisation and to examine ongoing interactions (Ritchie and Lewis 2003). Observations mostly took place when we had interview meetings. In addition, some formal documents were studied to support and structure the data collected from the interviews and observations. However, as a privately held company, Easy Bet does not need to document and share information publicly.

The analysis was based upon the principles of 'grounded theory' (Glaser and Strauss 1967; Bernard 2002, 463; Suddaby 2006). These principles include the methods of 'constant comparison' and 'theoretical sampling', which implies that the research evolves in an iterative process in which the researcher selects informants and develops conceptual categories and fills them with data until a certain level of saturation of the categories is reached, that is, until the insights become increasingly repetitive. In this way data collection and analysis are a simultaneous process. While conducting interviews, new themes and new directions and opportunities for the research emerged. With a general theoretical framework in mind, we sought to determine to which extent and how the theoretical themes were reflected in the interviews, documents and internet gambling practice. In this way, we combined inductive and deductive coding.

The material organisation behind virtual gambling

Information technology (IT) and marketing

In this section we examine the material organisational practices which lie behind Easy Bet's website. Websites usually do not provide much information about the organisational background of gambling companies. They often do not reveal any details as to the location of the company (although licensed operators tend to indicate where they are licensed), who is working for that company and what is involved in maintaining their virtual services. This lack of contextual information is instrumental in the customer's focus on the immediate gambling experience but might create a distance between customer and organisation. Often virtual organisations are even understood by customers to exist merely virtually. Behind the website of Easy Bet, however, lies a significant offline bureaucracy encompassing around 250 employees and hundreds of screens, telephones and computer systems, divided into thirteen departments. Although in economic terms tangible goods do not constitute the main assets of internet gambling operators, they are crucial for creating and maintaining an online website and business. At first sight, the organisational chart of Easy Bet does not appear very different from those of many offline companies (see Figure 7.1).

Figure 7.1 Organisational chart of Easy Bet.

The Easy Bet building consists of three floors. Call centre, customer services, content, studio, marketing, e-gaming, finance and the fraud and security department are situated on the ground floor. Most of the departments were placed in the open space of the main floor. Only the counsellor, the human resources department, and the finance director have personal offices. Traders and customer services for high-profile customers are on the second floor. The third floor consists of the IT department. Our research participants identified the IT department and the marketingde partment as the key departments:

> Effectively what we do is that we run a website with marketing, so if we haven't got IT and haven't got marketing we haven't got business, that's what it is. If our call centre shuts down tomorrow for a day we still have a business, if our customer services shut down for a day we still have a business. If the IT department shuts down for a day we have no business. (HR & operations director – Gibraltar, April 2011)

In 2011 the IT department engaged approximately 35 full-time employees who were responsible for a range of tasks, related to maintaining the reliability, safety and constant innovation of the technological infrastructure. IT consists of product development, software development and support. Some companies buy software and some develop their own. Easy Bet has developed a betting platform which gives them faster access to the market as it is easier to modify and control. The process of product development, such as a casino platform, begins with the product development team, which can be regarded as a link between technology and the customer's preferences, the colours, the design and what customers see and experience.

Most employees at Easy Bet believe that the IT department is one of the two most important departments of the company. A project manager who we interviewed explained that IT is also the department which is able to find ways to make other departments redundant by developing IT solutions that can replace labour:

> For example, we have a department here that builds sport events in the system and then results after they are finished. So, that has a department with 10 people in. So what we are trying to do is to come up with an IT solution which will get an external party to feed in the bets and then it might be cost efficient

by not having to use manual staff to get to do that plus you get the IT-solution (Gibraltar, April 2011).

This suggests that a key objective of Easy Bet is to automate as many processes as possible, and to subsume all functional units under the IT department. In terms of organisation science this 'tightens' the 'coupling' of organisation processes, meaning that these processes are more immediately connected and interacting. This 'tight coupling' (Perrow 1999) can be regarded as a prominent feature characterising the high-tech organisational setting of online gambling.

Online marketing employees often have a technical background rather than a marketing one. Online marketing includes the placement of promotional banners on partner and affiliate websites, the broadcasting of e-mails to customers and search engine optimisation to achieve the highest possible ranking when someone searches for 'poker' or 'betting'. Using customer relationship management (CRM) systems, operators execute strategies to engage potential or existing customers by sending emails, SMS messages and letters. Customer retention is one of the main concerns of marketing departments. With thousands of online gambling sites available, retaining the customer is crucial. Sophisticated CRM systems allow companies to analyse and segregate players according to their behaviour, time and duration of play and spending habits in order to actively target them with customised promotion campaigns, as the CRM manager explained to us.

> I'm catching up with people to see what people click on their e-mails. If we have to improve the templates, how many people are betting on, what better e-mails are for them, criteria people fall into, so active instalments and stuff and we send the e-mails to each of those criteria. (Gibraltar, April 2011)

Easy Bet records every click a customer has performed on their website, which is regarded as extremely valuable information. These are the digital footprints which customers leave behind on Easy Bet's website. These footprints may be regarded as equivalent to the personal familiarity with customers that the managers of an offline betting shop rely on, as the counsellor and company secretary explained:

> The tools that you have available to understand your customers and their behaviours are much more powerful within the online business, because in our database we have a permanent record of everything they've ever done, and when they do it, where from and everything else. (Gibraltar, April 2011)

Money and finance

In offline betting shops cash is the most common payment method. Internet gambling, on the other hand, deals exclusively with electronic money. Before a customer can play he/she needs to deposit money with an operator in a virtual wallet. For payments to come in, relationships need to be established with payments providers, such as banks, credit card companies or e-money transfer providers such as

Netteler or Moneybookers. Payment methods vary depending on the place of residence of the customer. In some markets, where people do not have credit cards, various types of methods to pay cash into the operator accounts need to be put in place. Johnson recalls how money-handling technology has changed drastically since he entered the online market:

> You can imagine when people were sending cheques as well, you've got all the cheques, you have to open the envelopes, you've gotta check the cheque out, post it to the person's account and then you got to put all the cheques in the book and take them all down to the bank. I mean electronic movement of money is absolutely brilliant and very safe. (UK, June 2011)

Money transactions have been greatly simplified, reducing costs and allowing companies to monitor and trace high volumes of transactions. However, electronic payment systems are not without challenges, which are managed by the fraud and risk department. It is the responsibility of this department to ensure that operators' systems are not used fraudulently or as a vehicle for money laundering. Fraud, like responsible gambling, constitutes a major and controversial issue for the gambling industry, of which various stakeholders have different perceptions and understandings. In the perception of our interviewees, fraud can take various forms: customers signing up in order to claim bonuses granted on deposit, use of fraudulent or stolen credit cards, claiming money back from credit card companies after losing, cheating on poker tables or setting up fraudulent affiliates. Fraud is a huge risk to internet gambling operators: not only because it can be costly, but also because it can trigger scandals which can damage the reputation of the company and the industry.

Customer contact

The website

As mentioned, the website is the primary interface between the organisation and its customers. In fact, Mr Johnson presented internet gambling as a type of self-service business:

> Online, the customer does all that work for you, you just give him the facility and he tells you who he is and he tells you what he wants and he transfers the money that you need. (UK, June 2011)

The website betting customer is a more active, self-reliant and self-serving consumer than bettors in an offline betting shop. However, how can gambling transactions be simulated without any physical contact with the organisation? According to Mr Johnson, this business is all about

> creating data and sending data to the other side of the world. I mean, people do it on the internet because there is no physical involvement on the other

> side. So, all you are doing is accepting a bet of somebody who has got a PC anywhere in the world and transacting an electronic payment. (UK, June 2011)

Interestingly, Mr Johnson refers to 'no physical involvement on the other side', which suggests that on the companies' part there is a physical side. These remarks ascribe a virtual character to customers; the inverse of, but similar to the virtual character which the company assumes in the eyes of the customer. The customer and the company are virtual to each other. In everyday practices customers are mostly addressed in the fragmented terms of the actions they perform on the digital gambling platform and not as individuals. This implies that the nature of both the customer and the company transforms from their offline equivalent, and that personalisation takes a different form. Although both have a physical constitution, the electronic interface turns them into a virtual character to each other. For the company, the customer's identity is reduced to an account number, and at Easy Bet around 1,800 new accounts are opened each week. This is a significant number – incomparable to a traditional retail betting shop, which is more reliant on regular customers. The huge number obviously relates to the extensive spatial reach of an internet gambling company. Because of the large number of customers it becomes even more important for Easy Bet to identify key customers, which will be categorised as 'VIP' or 'A1' and are offered bonuses and incentives and invited to special events. There is a dedicated call centre on the first floor which deals only with these customers. Customer contact is a point of distinction from the offline business. Whilst in betting shops staff members are visible to the customer, in an internet company the website and the call centre act as the main interfaces which mediate between the customers and the company. This makes the call centre, next to the website, of immediate importance for customer contact.

Dot-com companies such as Easy Bet changed not only the way of doing business but also the kinds of communication that takes place between customers and organisations. How does Easy Bet maintain a relationship with its customers when, for the vast majority of customers, there are no opportunities for face-to-face contact? According to the head of customer services:

> There are three main ways our customers contact us: telephone, e-mail and live chats; which is just an instant messenger service that is growing and growing and growing in popularity, people ditch the e-mail, ditch the telephone to simply do the live chat so, that's what my clients deal with. (Gibraltar, April 2011)

The call centre establishes the closest customer contacts since customers can actually talk to a company's representative. However, as the head of customer services explained, instant messaging is increasing in popularity among online customers. The IT manager also notes that communication through the website such as live chat is of increasing significance for customer contact. He has observed a move away from personal interaction and explains this with the reasoning that betting online is completely different from betting in shops. While offline it is important to interact with your customers and enter into a personal relationship, this is not the case in online gambling

> There is not really a person for the online business; it's much more of a faceless business that you're trying to beat basically. Whereas the person behind the counter at a shop is much more important than the people that are involved in the online. (operational director – UK, June 2011)

The operational director emphasises the importance of staff members in the offline business and at the same time degrades to an extent the opportunities to build a relationship as an online provider. In the offline business, staff members must develop a relationship with customers, binding them to the shop, whereas on the internet this is not possible, at least in the same form, through interpersonal contact. In this respect online gambling appears to resemble slot machine gambling, where the machine simulates and replaces the opponent. However, this does not mean that online companies do not put great efforts into customer retention, although in a different way. Since online customers are perceived, by our participants, as very disloyal, it is even more important to interact with them. The client service manager explains how the website is used to communicate with the customer:

> Video technology, media streaming, social media, sites and all that, all these things allow the customer to do things on the website, the website gives response, then, you can actually have a communication which is replacing what the communication used to be between the customer and the actual operator. (Gibraltar, April 2011)

According to this project manager new technologies are able to facilitate personal communications, perhaps changing the content of these interactions in the process. Thus one could argue that the internet environment of online betting enables a new kind of sociality.

The call centre

The call centre is one of the biggest departments of Easy Bet, with around 60 employees. It is a floor of ringing phones and voices. Call centre desks are usually occupied by five telephonists, and the call centre is truly multinational. Betting companies tend to offer their customers from different part of the world support in their native languages. Apart from language abilities, call centre employees have to be knowledgeable about every product their company offers. They are also trained to recognise underage gamblers or people with gambling addictions.

The call centre provides the highest level of personal contact between the customer and the operator and may generate a feeling of physical proximity. We hypothesised that people who contacted Easy Bet's hotline sought and valued personal interaction. However, according to a telephonist, callers do not really pursue social interaction, given the time frame of most calls:

> A call, just a straightforward call of maybe a horse bet or a cricket call, basically a single bet. I place a single bet maybe in 17, 18 seconds. (Gibraltar, April 2011)

Easy Bet follows a straightforward, instrumental approach to telephone calls, as the head of customer services confirmed: 'We would rather just "account number, name, bet". So our approach is more about speed' (Gibraltar, April 2011). With approximately 60 telephonists, the call centre is the company's largest department, but it accounts for 5 per cent of custom; according to the head of customer services. The remaining 95 per cent use the website. Moreover, the call centre service is declining. Even a manager was convinced that in the near future the 'remote face-to-face' business will not be used anymore; this prediction was shared by several other informants:

> Most people who call are the older generation and they are not used to the web but they are literally, I mean they are literally dying off, they are dying and as new people come and those people would never dream to pick up the phone, they would automatically bet on the internet. (HR & operations director – Gibraltar, April 2011)

Easy Bet prefers customers to use the online betting options, as they are more cost-effective. The telephonists are also instructed to actively inform customers about the new mobile betting applications. From these perspectives, we would argue that the call centre should be regarded as a relic from the past rather than as an option for personalised customer contact.

Organisational culture

A dynamic fast-paced business

Internet gambling is a dynamic business. In fact, the title of this chapter refers to this feature with a quote from one of our informants, who characterised her working life as 'never a dull moment'. Many interviewees who had worked previously in offline shops emphasised the different pace of doing business:

> Every day is a challenge. There is always . . . it doesn't stand still. There are so many competitors out there as well, there are always ideas and new things coming in every day, and we have to see them through – which ones are valid and which ones are not. (project manager – Gibraltar, April 2011)

The fast pace is partly attributed to the fact that internet gambling is a relatively new business, which still has to develop a great deal of experience and knowledge. This business knowledge is largely tacit knowledge that is acquired on an experimental 'learning by doing' basis. Neither the Easy Bet website nor the Gibraltar office ever closes.

Our informants also emphasised that the continuously changing regulatory context significantly contributes to the dynamic and unpredictable business environment. The counsellor and company secretary gives an example of the effect of the introduction of licenses in the Greek market, where Easy Bet was already operating:

> At the moment we are relying on the fact that under EU law you can operate throughout the EU but if they introduce requirement for license then . . . we'll be required to get a license to carry on operating in Greece so getting a license is one thing but you also have to think about the commercial terms and conditions that are attached to getting that license, one is to pay tax on the Greek business which will be 30 per cent of gross profits, which is very high, in the UK it's 15 per cent, which most operators can live with but 30 per cent is very high and another condition is the upfront fees, you have to pay to get a license, it could be a million euros a year, it could be less, we don't know yet but when we analyse our current Easy Bet Greek business we believe that if we combine these two businesses in some way into a new structure they will be in a better, stronger position. (Gibraltar, April 2011)

The fast-paced and changing environment also significantly affects the way employees work. There is little time for planning, and managers often have to act fast:

> People who are working specially at management level have to be quick thinkers, fast thinkers. Have to have a problem solved in an instant. . . . Whereas I think in other industries a lot more soft skills you have is planning and organisation. (project manager – Gibraltar, April 2011)

Reliance on technology

Maintenance and continuous updating of the website is vital for the company. Problems with the database, unavailable sites or problems with payment may all lead to loss of customers and decreased profits. The threat and reality of technical failure caused tension among employees. Every irregularity was perceived as a 'drama', contributing to the perception that the organisational culture of Easy Bet is restless and dynamic. When the system closes down, nothing and no one in the company can continue to work in the same way: everything has to be handled manually. In the 10 years this project manager had worked for Easy Bet, he recalled one scenario that triggered a real 'drama':

> Basically just the system closed down and there was something wrong on the database, no computer or anything was working so we literally had to do everything and write everything down in these two days. And when the system came back we had to manually input everything (. . .) It's about a week to catch up. (Gibraltar, April 2011)

A contingency plan is in place for emergency situations:

> We have contingency plans for pretty much every scenario. We monitor our systems, I mean we are a 24/7 business as well, so we have to try to be 24/7, but we do have regular maintenance scheduled downtime just to keep up. (project manager – Gibraltar, April 2011)

As discussed in the previous section, departments in an internet gambling company are tightly coupled. This interdependency becomes most apparent when problems arise:

> I think it's because of the business, because the business is so fast. If the website is going down and all the customers stop calling in or chat then the instant response from IT is they come down, they need to solve it. The customer service needs to be ready, we take manual bets. If the payment provider goes down we have a backup so we have to be quick and switch so we're not losing money. If they keep their deposit, where do they go? They go somewhere else. Marketing has to be quick because they have to look at tonight's football match and pick something popular to catch the person's eye to come to bet with us. Finance needs to do the payments . . . so the whole industry is pretty fast. (head of fraud – Gibraltar, April 2011)

During interviews the fear of technological failure could be sensed at all levels. While the worry of losing business was highest at managerial levels, the telephonists were also afraid of the stress caused by a system breakdown: requiring them to take bets manually while pretending that everything was working normally. As discussed earlier, errors can trigger big losses. Although informants emphasised the key role of the IT and marketing departments, a tight coupling with all the other departments is essential.

Conclusion

In this chapter we have presented a grounded account of an internet gambling company. The objective was to examine the material organisation behind the virtual representation of betting shops and casinos on the internet, and how the virtual and the material dimensions interact. This examination contributes to an understanding of the 'space of flows' (Castells 1996), or the material organisational practices, which produce internet gambling. The main objective of this examination was to demystify the world of online gambling. In this chapter we have substantiated how internet companies work in practice.

We have shown that a completely virtual organisation does not exist and should indeed be regarded as a myth. Instead, we conclude that internet gambling organisations produce virtual gambling products, that is, the gambling opportunities offered on the website, which is something quite different. Internet gambling companies are to a certain extent comparable to offline organisations, such as the betting shop subsidiary of Easy Bet. The main difference resides in the interface between the customers and the company. In the case of online gambling this interface is predominantly (but not entirely) virtual; in the case of offline gambling this interface is predominantly (but not entirely) material. The significant overlap between online and offline gambling companies implies, for instance, that we can study internet gambling companies in a comparable way to offline companies.

In this concluding section we would like to make three further points. First, the production of internet gambling is not easily recognised and realised. Virtual betting shops are not simply produced in a deterministic way through the connection of a computer terminal to the internet. On the contrary, organising internet gambling requires a material backbone comparable to that required for building offline gambling facilities. It requires the management and operation of a complex material as well as technological infrastructure.

Second, virtual gambling should be regarded as a mode of gambling that emerges from, and closely interacts with, material modes of organising. Easy Bet can be regarded as a new hybrid organisational form of a technological system and material offices in Gibraltar and the United Kingdom. The development of this new organisational form involved a differentiated network of organisational actors who gradually 'enrolled' in this organisational construct, notably the managers and the employees working in a range of functional units. They all had to make sense of the new business and invent new tasks and working routines. In these organisational processes the various actors related, as we have seen, their understanding of the internet business to their specific organisational practice, namely, their position, tasks and identity within the company. In these processes, conventional organisational structures were modified and new structures emerged. Viewed in terms of actor-network-theory (Latour 2005), the development of the new internet business went together with the translation of internet gambling into the terms of the various organisational actors involved. As we have seen, particularly the IT department and the marketing department assumed dominant roles in defining the new business of Easy Bet. By studying these processes light can be shed on precisely how virtual technologies are interwoven with material organisational infrastructure. Probably related to the dominant role of technology, this new type of organisation was experienced as a rather turbulent and 'tightly coupled' organisational system (Perrow 1999: 89–93; Weick 2001), compared to the offline betting business.

Third, the new mode of gambling establishes new standards for internet gambling. These new standards particularly relate to the development of the technological interface which draws a sharp line between the customer and the company. This means that both entities largely experience each other as virtual entities. The company constructs detailed virtual images and profiles of customers, starting with an account number which is subsequently embellished with client information using the digital footprints left on the website by the customer. Together with a new kind of gambling organisation a new, digital, image of the gambler emerges.

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Part III

Between worlds

8 'Playing properly'

Casinos, blackjack and cultural intimacy in Cyprus

Julie Scott

Since 1974, the island of Cyprus has been divided into two sectors. A population exchange in the aftermath of violent conflict effectively ended the traditional residence pattern which for centuries had seen Greek and Turkish Cypriots distributed throughout the island, both in separate villages and in contiguous neighbourhoods of mixed towns or villages. The vast majority of the Greek Cypriot population was now settled in the southern two-thirds of the island, which, as the internationally recognised Republic of Cyprus (RoC), has de jure sovereignty over the whole island. The unilaterally declared Turkish Republic of Northern Cyprus (TRNC), in the northern third of the island, became home to the Turkish Cypriot population. During the following decades, members of the Cypriot general public were not permitted to cross the internal boundary known officially as the Green Line, and 'bicommunal spaces' – in other words, shared spaces available for everyday encounters between Turkish and Greek Cypriots – were virtually nonexistent. Negotiations to reach an official peace settlement and a solution to the key issues of territorial sovereignty, security and private property repeatedly ended in stalemate. However, something happened in 2003, just one year before the RoC, in the absence of a political agreement which would have united the island, joined the European Union without its northern neighbour. Following a series of organised mass protests and a campaign of civil disobedience by Turkish Cypriot civil society, which according to some estimates was attracting nearly half of the Turkish Cypriot population by the end of 2002 (Demetriou 2007: 993), the Turkish Cypriot leadership was forced to relax its restrictions on Turkish Cypriots crossing the Green Line. In the euphoria of the moment, Greek Cypriots and Turkish Cypriots responded to the unprecedented opportunity for freedom of movement, and Cypriots streamed across the Green Line in both directions. This was something that the leadership on neither side had been prepared for.[1] After decades of promoting a polarised and polarising political discourse framed predominantly around the rights and requirements of competing ethno-national states, both governments were put temporarily on the back foot by people's readiness to cross over, and to behave well. People visited the homes and villages they had left behind decades previously and sought out former neighbours, work colleagues and friends (Dikomitis 2005). And Greek Cypriots poured into the casinos which had opened in the north over the previous 10 years.

I had been alerted to gambling between Greek and Turkish Cypriots some fifteen years previously in relation to property exchanges before 1974, some of which, I was told, came about in payment of gambling debts. However, other informants vehemently denied that Greek and Turkish Cypriots gambled together, emphasising that each community socialised separately: when men gambled, they insisted, it was in separate coffee shops, Greek Cypriots in Greek Cypriot coffee shops, and Turkish Cypriots in Turkish Cypriot coffee shops. However, before 1974, there were, in fact, numerous opportunities and spaces for gambling together. Greek and Turkish Cypriots worked together in places such as the ports of the major harbour towns such as Limassol, Larnaca and Famagusta and in the British Bases, which remained British sovereign territory as part of the conditions for the end of British rule in 1960. Members of the Turkish and Greek Cypriot elites regularly socialised and played cards together in private clubs or in each other's homes, either as couples or in single-sex groups (Scott 2003, 2010). Moreover, numerous people I spoke to in their forties, fifties and older recalled mixed groups of Greek and Turkish Cypriots attending and betting on cockfights together before 1974, for example, behind the church of St Lazarus in Larnaca, on feast days and holidays.

After 1974, casinos started to open in the north of Cyprus, operated by Turkish Cypriot owners who had run clubs in London's Mayfair and Soho during the 1960s. Over the past 15 years, the sector has grown and internationalised, with over 30 casinos opening on the casino-resort model adapted from Las Vegas (Scott 2001). As a gambling tourism destination, the TRNC's peripherality and political marginality became a comparative advantage, and it serves numerous markets in

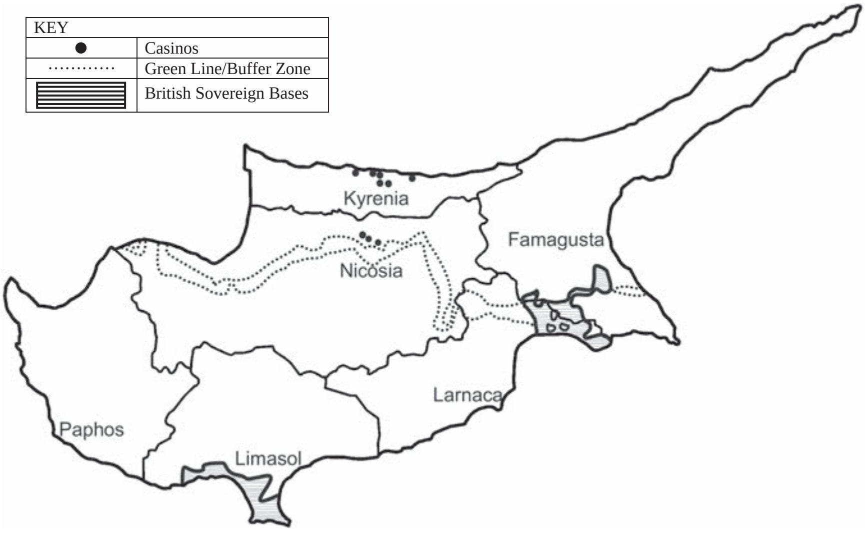

Figure 8.1 Map of Cyprus, showing location of casinos included in fieldwork.

the region where commercial gambling was banned but where there was a strong demand – including Turkey, Israel, Russia and Iran (Scott and Aşıkoğlu 2001). And in 2003, the RoC joined this list of countries.[2] Greek Cypriots had only to walk across the border to access casinos located practically adjacent to the Green Line in Nicosia, and, as the number of checkpoints available to motorists also opened up, Greek Cypriots also started to drive across to casinos in Kyrenia and Famagusta. By 2007, newspapers in the RoC were reporting that over a thousand Greek Cypriots were crossing to play in the casinos in the north every day, and spending millions there. They have become a very important market for the Turkish and Turkish Cypriot–owned and operated casinos in the north, and a number have responded by offering a particular welcome to their Greek Cypriot clients, employing Greek-speaking staff, using Greek names (such as the Xenon casino), and providing slot machine games based on classical Greek themes, such as Trials of Heraclites; Bellepheron, the Flight of Pegasus; and Jason and the Argonauts – in Quest of the Golden Fleece.[3]

The opportunities for encounters between Greek and Turkish Cypriots have increased over the past decade, and anecdotal evidence suggests that such encounters are conducted overwhelmingly with courtesy and constraint, despite the continued lack of an official peace agreement and the considerable differences that still divide both sides. However, extended ethnographic studies carried out over a number of years since Cypriots first started to cross the Green Line in 2003 (e.g. Bryant 2010; Dikomitis 2012) highlight the difficulties attendant on Greek and Turkish Cypriots' attempts to reengage with each other on a more than formal or superficial level. Over time, visits to ancestral villages and family property left behind in 1974 frequently founder on misunderstandings and unexpressed resentments; stereotypes are confirmed and reinforced, and there is a widespread inability or reluctance to admit the commensurability of experiences of displacement and injustice. Collaborative initiatives bringing together Turkish and Greek Cypriot civil society groups are seen as high-risk undertakings which must overcome entrenched suspicion and distrust rooted in differentially constructed understandings of the past, present and potential futures (Scott 2012). Disappointment and disengagement are frequent outcomes of these frustrated and frustrating encounters.

In this chapter, I propose that the casinos operate as a particular kind of bicommunal space, very different from those spaces promoted by international agencies such as the EU and UN as part of peace-building and conflict-resolution activities, in which only a small minority of Cypriots have participated (Civicus 2005). In particular, I suggest that they function as places for the rediscovery and exercise of cultural intimacy. Michael Herzfeld writes about cultural intimacy as those aspects of lived experience which are deemed to detract from the dignity of the public image promoted by the nation-state, but which form a kind of secret insider knowledge which is the basis for a shared identity and sense of solidarity amongst its citizens. Herzfeld (1997) explores how cultural intimacy is formed around practices such as sheep stealing in Crete – practices which, in contrast to official ideology, are deviant, transgressive, ambiguous, contingent and deniable, and which yet become the focus for the sense of a quintessential identity that both invokes the idea of the nation-state, and at the same time subverts it by appealing to a more peripheral, symbolically highly elaborated set of values, based, in this case, on the exercise of honourable and proper behaviour amongst sheep thieves.

The Cretan sheep-stealing example demonstrates two important characteristic features of cultural intimacy: on the one hand, a shared nostalgia for a time of 'pure structure' before the state started to intervene in the self-regulating morality of sheep thieves (Herzfeld 1997: 8); and on the other, the strategic deployment of essentialising stereotypes in order to create a shared identity by which 'insiders' can recognise each other. As Herzfeld emphasises, the *content* of these categories is unstable.

> This is because what gives them their significance is not so much their actual form . . . as the social uses to which they are put. The confluence of stereotypes, their use in social interaction, and their necessarily unstable evocation of competing histories is the defining object of . . . a social poetics concerned with life in the context of the nation-state. (Herzfeld 1997: 15)

However, his emphasis on the nation-state raises an important issue, for, in contrast to the examples of cultural intimacy explored by Herzfeld, the case of Cyprus offers an example of a failed nation-state, characterised by competing state entities, rooted in conflicting political and historical narratives, imbricating different symbolic structures of nostalgia and reciprocity. Is cultural intimacy possible in these conditions? And if so, what kind?

The chapter draws on four months' intensive research in Cyprus in 2011, primarily in the north of the island, comprising participant observation in casinos and in card games at private homes, and interviews with habitual card players and gamblers, croupiers, casino managers, politicians and civil servants. This research also builds on long-term ethnographic research in Cyprus over 20 years, for periods from 18 months to three to four weeks every two or three years, and including an earlier phase of research on gambling in TRNC in 1999–2001. In what follows, my focus will be on relations inside casinos and how they are managed, in the particular context of the blackjack table, which offers a specific conjuncture of stochastic processes, social performance and individual and collective agency, such as Malaby has explored amongst habitual coffee shop gamblers in the town of Chania, Crete (Malaby 2003). My concern will be to explore how attitudes towards the flow of probability, and 'right' and 'wrong' ways to play and to behave, open up spaces for creative engagement that are different from the rigid and overdetermined positions available in the dominant public discourses of Cyprus.

In proposing that casinos be considered as sites for the exploration of cultural intimacy, it is not my intention to suggest that these are places where the politics of the state are suspended. On the contrary, states have a crucial role to play in creating the regulatory and legal environment in which commercial gambling can flourish, making them, of necessity, active partners and beneficiaries of the gambling industry (McMillen 1996). The situation is further complicated in the case of Cyprus by the status of the TRNC as an unacknowledged state which nevertheless engages in the material practices which generate and sustain the elements of statehood in the north (Navaro-Yasin 2012). Before entering the casinos themselves, I therefore start with a brief overview of the complicated state context.

Contested legitimacy and the nation-state in Cyprus

The failure of the 1960 independent constitution to produce an effective unitary nation-state for Cyprus resulted in a decade of intercommunal conflict and violence, culminating in a right-wing nationalist coup, engineered by the military junta in Athens, which was countered by Turkish military invasion. The division of Cyprus in the aftermath of the events of 1974 resulted in the formation of two de facto states, rooted in divergent political and historical narratives of the island, which each has assiduously promoted through regular national commemorations and holidays, school textbooks, museums and exhibitions (see Papadakis 1993 for a discussion of Greek Cypriot memorialisation). Loizos (2008) demonstrates the significance of officially promoted narratives in the way that Cypriot refugees make sense of their personal losses and tragedies, in the final book of his long-term study documenting the lives of the villagers and refugees of Argaki, a formerly mixed village in the north of Cyprus. In conversations with some of the Turkish Cypriots of the village, he discovers how their memories of the time of cohabitation vary from those of their erstwhile Greek Cypriot neighbours. These recalled the time as conflict free – 'We lived happily together – we never had any problems.' The Turkish Cypriot villagers, in contrast, recalled often feeling afraid, uncomfortable, intimidated or humiliated by some of their co-villagers. Yet, at the same time, they recalled many of their Greek Cypriot neighbours with affection and respect and wept for those who had died during the intervening years. A picture of complexity, ambivalence and uncertainty emerges, which sits uneasily with the unequivocal official narratives underpinning the RoC and TRNC states.

Documenting the optimism of 2003, when tens of thousands of Cypriots were finally able to cross the Green Line for the first time, Demetriou (2007) has suggested that the early euphoria produced a momentary vacuum in the dominant discourses of conflict promoted by 'the state' as, in the suddenness and surprise of the event, the emphasis shifted from state-led initiatives to the spontaneous actions and experiences of the people. Demetriou argues that this was a short-lived phase, and the state was able to reassert its influence over the interpretation and management of events before an alternative discourse could be created to fill this vacuum. Nevertheless, Greek and Turkish Cypriot gamblers who persist in patronising the casinos of the north demonstrate considerable resistance to the resurgent discourses of the state to which they are subject. Greek Cypriot gamblers who cross the Green Line are engaging in commercial gambling regulated by what is regarded in the public rhetoric of the RoC as an illegal 'pseudo-state' operating in occupied territory (Navaro-Yashin 2012). They must show identification papers at the TRNC-controlled checkpoints on the Green Line, which many Greek Cypriots reject as implying tacit recognition of the internal boundary and legitimisation of the TRNC (Dikomitis 2005). Motorists must obtain separate insurance valid for the TRNC in order to be able to drive their cars to the casinos in Nicosia, Kyrenia and Famagusta. A proportion of the money spent in the casinos goes directly to support the unrecognised state in the form of taxes and fees. Furthermore, several casinos are built on disputed Greek Cypriot property, an issue that remains one of the intractable problems of attempts to reach a political solution. The land for one of the city centre casinos in Nicosia, heavily patronised by Greek Cypriot customers, was constructed on the site of a former flour factory owned by a leading Greek Cypriot family, which was controversially acquired by agreement with the Greek Cypriot owners through the offices of the Turkish Cypriot Immovable Property Commission (*Taşınmaz Mal Komisyonu*). This is an office established by the TRNC authorities to facilitate property transfers under the prevailing status quo, contrary to the official Greek Cypriot position, that all such property issues can be dealt with only as part of a comprehensive political agreement, thus joining private property matters to the wider issues of territorial and political sovereignty (Ilican 2010). Greek Cypriots who gamble in the northern casinos therefore engage with the reality of the ‘pseudo-state’ on a number of practical levels that could be regarded as undermining the official position of the RoC on the Cyprus conflict.

Equally, the presence of Turkish Cypriots in the casinos embodies a number of challenges to the idea of the nation-state in the north. Turkish Cypriot gamblers are, in fact, technically barred from all live gaming by the TRNC authorities, and the names of citizens of the TRNC who are rounded up in periodic raids, prosecuted and fined appear from time to time in the Turkish Cypriot newspapers – although there is plenty of anecdotal evidence to suggest that casinos have warnings of impending raids and hide their Turkish Cypriot clients until the danger has passed. The currently prevailing paternalistic approach to protecting Turkish Cypriots from the temptations of gambling divides opinion, with some claiming that the casinos are already responsible for driving up debt-related and other social problems, whilst others argue that excluding the local population from the casinos is an act of discrimination that contravenes human rights. In fact, many Turkish Cypriots living in Cyprus have more than one ‘nationality’ at their disposal. Under the terms of the 1960 independent constitution of Cyprus, Turkish Cypriots have the right to citizenship of the RoC, and many have availed themselves of this right, despite the fact that it is officially discouraged. In addition, members of the Turkish Cypriot diaspora, including those who have retired and spend all or part of the year in Cyprus, have British, Australian or other national affiliations available to choose from. The casino is one of a number of contexts in which national identity is instrumentalised for Turkish Cypriots, and TRNC affiliation perceived largely as a disadvantage or inconvenience, compared with the other available options.[4] Despite the lavish surroundings, service and entertainment offered by many of the casinos, these are spaces of legal indeterminacy, although Greek and

Turkish Cypriot clients are very differently positioned in relation to the discourses of legitimacy, legality and statehood to which they are subject.

Playing blackjack 'properly'

Between April and August 2011 I regularly visited ten or so casinos in the divided capital city of Nicosia and the resort town of Kyrenia, about a 20-minute drive from Nicosia on the northern coast (see Figure 8.1). My visits took place at different times of day (from midafternoon to the early hours of the morning) and on different days of the week. Although all the casinos offered the same range of slot machines and live games – primarily roulette, poker and blackjack – there were significant differences between them, in terms of the lavishness of the décor, the nature of the clientele and the stakes for which they played. Those offering low Turkish lira stakes were predominantly patronised by local, working-class Turkish and Turkish Cypriot customers, whilst larger, more opulent casinos attached to luxury hotels attracted a wealthier and more cosmopolitan clientele playing for euro and dollar stakes. However, euros and dollars were not the exclusive preserve of the high rollers.[5] Three casinos were located close to the Green Line in central Nicosia: one, close to the pedestrian checkpoint in Ledra Street in Nicosia's central shopping district, and heavily patronised by Greek Cypriots, offered low dollar and euro stakes; the other two were attached to five-star hotels not far from a vehicle checkpoint, their car parks full of cars with Greek Cypriot number plates. Accompanied by Turkish Cypriot and occasionally Greek Cypriot friends, I would make visits that lasted from two to six hours or more, and over time I came to recognise the regulars who patronised particular casinos who could be found at the tables on most occasions when I was there, and whom I would occasionally see at the Ledra Street checkpoint as they crossed over to gamble in the nearby casino at the end of the working day.

The live gaming tables where roulette, poker and blackjack are played are kept separately from the slot machines, and they fill up as the evening progresses. The blackjack croupiers preside over a semicircular table, dealing from left to right to up to seven players who sit facing them. Blackjack is played with a 'shoe' (a kind of rectangular box) of six decks of cards, which are periodically shuffled. Shuffling is done manually rather than mechanically, and at the tables waiting for their first customers of the day, the croupiers sit with the six decks neatly laid out, face up, on the table before them, so that customers can verify that all is correct. Once players start to join the table, the croupier sweeps up the beautifully arranged cards and spends several minutes mixing them and shuffling them before placing them in the plastic shoe. The croupier deals two cards face up for each player, and two for themselves (one face up, and one face down), then returns to the first player and continues to turn over cards until either the player indicates that they don't want any more, or the total value of the cards turned exceeds 21 (at which point the player is 'bust'). Once every player has completed their play, the croupier turns over their second card, and must continue to take cards until the cards have totalled at least 17. This means that the croupier has no discretion – if the croupier has already drawn cards to the value of 15, they must continue to take the next card, even though there is technically a 4/13 possibility that their next card will be worth 10 (picture cards are also worth 10 points), and they will go bust.

As a blackjack novice, I learnt to play following the advice of friends who accompanied me to the casino, the tips and comments of other players at the table and the views and opinions offered by gamblers I interviewed outside of the casino setting. The advice I was given reflects different personal beliefs and practices when it comes to specific aims and tactics. However, the broad consensus of opinion, which formed my guiding principles in playing the game, stresses three main aims in blackjack:

1 to get as close as possible to 21 without going 'bust'; *and*
2 to get closer to 21 than the dealer; *and*
3 if possible, to get the dealer to go bust.

Whilst blackjack is a game of chance and depends on the turn of the cards, it is also a game where probability is very important, and numerous blackjack websites publish tables showing the odds on particular sequences of cards appearing. These odds can vary, depending, for example, on how many decks are in the shoe, and whether shuffling is done manually or mechanically.[6] The tactics employed by blackjack players in Cyprus reflect their view that odds are stacked in the favour of the casino, but not overwhelmingly so. The rule of thumb suggested to me was that the casino will win 52 per cent of the time – but players can win 48 per cent of the time. Thus the flow of cards presents the blackjack player with opportunities to come out ahead of the casino by increasing their stake when they hit a winning streak – that is, when the cards are coming out right. The player has to be able to 'read the table', to understand when the time is right to bet more aggressively; to 'double down' (doubling the bet when the first two cards add up to 10 or 11 – the player is then restricted to taking only one more card, on which the whole outcome of the bet then depends, but is quite likely to draw a 10, making 20 or an unassailable 21); or to 'split' (creating two hands out of one when the first two dealt cards are of equal value).

Everybody at the blackjack table is part of a flow of probability represented in the sequence of cards;[7] reading the flow of probability, anticipating what will come up next and making the 'right decision' to turn the flow in the favour of the player requires a mixture of intuition, logic and luck – and for this reason many people like blackjack, because they believe that, out of all the casino games, it allows the player to exercise their *agency* to influence the outcome.[8] Some attempt to count the cards. Some players have unshakeable rules: high cards follow high cards; low cards follow low cards; never call for a card on 12 if the dealer has 6 or less. But there are always grey areas, where the 'correct' call is not clear; and there is always that element of luck and uncertainty – a player can make all the 'right' decisions and the right calls; can have split, or doubled down, and have hundreds of euros riding on hands of 20; and against all the odds, the dealer can make 21. This often makes gamblers angry – the dealer 'should not win' in those circumstances, and in such cases it is common to find players throwing up their hands in disbelief and announcing to the dealer, in an accusatory way: '*You* are *very* bloody lucky!' (author's translation).

According to the lessons I absorbed whilst playing blackjack in Cyprus, difficult decisions start from around 12. If I have cards to the value of 12 and draw 10 with my next card, I will go bust. How likely is that? There are a number of factors I will need to take into account. Technically, there should be a 30 per cent chance that the next card will be 10 – but how are the cards running? Are many low cards coming up ('low cards follow low cards, high follow high')? Has the dealer drawn a low card? If the dealer draws, say, a 4, the next card is likely to be a 10, taking them to 14, and if the card after that is anything over 7, they will go bust. So if I have a poor hand – say 12 or 13 – and the dealer has 4 or 5 – there is no point in my drawing another card. If I draw a 10, I will go bust. If the dealer draws a 10, they are quite likely to go bust too, and in any case would beat my hand.

The run of the cards is important, and opinions vary as to the extent of the responsibility of each of the individual players for preserving the collective luck of the table. Some players are very disturbed by interruptions to a run. Someone new joining the table, or leaving to sit out the game in the middle of a shoe, can 'change the luck', and croupiers, who have an important role to play in managing the mood of the table (see Sallaz 2002; Pisac, Chapter 4 in this volume), are aware of the sensitivities of the players on this point. On occasion, a dealer may ask someone wanting to join the game to wait until the shoe is finished (although this was quite unusual in my experience, and came about, for example, when a particular antagonism had emerged between the gamblers at the table). By extension, someone making a 'wrong' decision at a critical moment can change the outcome for the table as a whole. In interviews, and during casino play, it was drummed into me that the last player to be dealt – sitting at the extreme left of the table – bears a particular responsibility for the table as a whole, because their decision determines what the dealer's hand will be – which determines the outcome for everyone. Marksbury refers to the belief in the significance of the 'third base' position as a powerful myth that 'trumps mathematical facts or logical conclusions' and 'can influence a player's decision to go against his own self-interest' (2010: 105), and indeed some players in the last seat made a point of consulting around the table, when others had a lot of money riding on the outcome of a marginal decision at the final position. Some experienced players set a lot of store on the etiquette of collective play, and the desirability of playing 'properly', according to the guiding principles of probability. Others, on the other hand, welcomed the unpredictable element introduced by inexperienced players who did not apply the basic rules, and who might thus change the run of luck in a positive way. My own one attempt to act as a blackjack mentor failed spectacularly when I was out one night with two female Greek Cypriot friends at one of the more luxurious city centre casinos in Nicosia. Since both were first-time players, they preferred to play according to intuition and 'luck', rather than the basic rules of blackjack probability. Based on my own previous experience, I was anxious that the other, more experienced players – in this case Turkish, Turkish Cypriot and Iranian men – would become hostile and critical, since my reckless friends were not playing 'properly' – although they were playing with good humour and charm. On the contrary, however, the other players welcomed the change in the run of luck introduced by my friends' unpredictable play, and soon advice, jokes and even chips were being shared around the table.

For this reason, the atmosphere around the table can be volatile. When everybody is winning, the atmosphere can be party-like; when people start to lose, the atmosphere shifts. If somebody sitting in the crucial last seat makes a decision that permits the dealer to make a winning hand, they can find themselves the object of attack, especially if others around the table have a lot riding on the hand. This was the situation described to me by 'O', a Turkish Cypriot who likes to play roulette but has also played blackjack and poker – however, the problem with blackjack and poker, he tells me, is that so much depends on who is playing at your table. He recounts an occasion when he was playing blackjack at Jasmine (a medium-sized casino in Kyrenia), and was at a 'really good table' – a couple of Greek Cypriots (including a woman), a couple of players from Turkey, and himself, and everyone was playing 'properly' – by this he means that they were applying rules of probability that he agreed with, making the right decisions for the table, especially in the first and final positions, and not exposing the others to losses. Then a Greek Cypriot woman came along who 'did not know how to play'. She had a 4 – and (according to O) you should not draw another card on a 4, especially if the dealer has a 2, 4 or 6 – but this woman kept drawing cards when she shouldn't, and when he remonstrated with her, she said, 'It is my money, I can do what I like.' And he said, 'I can't play like this' – she had ruined the table, and he had to go and find another table.

In the incident described by O, one player had changed the dynamics of the table by refusing to play 'properly' – that is, without due regard for the table as a whole. On another occasion, however, I witnessed how a table can combine against one particular player and use the concept of 'right' and 'wrong' play to force them out. It was midnight at the Saray Casino, next to the Lokmaci (Ledra Street) checkpoint. 'C' (a Turkish Cypriot man who also speaks Greek) and I were looking for a low-stakes blackjack table, but all the tables were full. Eventually we were pointed to one vacant seat at a table full of Greek Cypriot players, next to one man we had seen on many previous occasions at the Saray, and with whom C had previously had an altercation over a call of cards. Sitting down next to him, C asked how the table was and received no reply. Then, a nasty moment – C had 16 and the man next to him – sitting in the final position – was urging him to draw a card, and get a 4 to make 20. C refused, because the chances of his getting a 4 were infinitesimal. The man next to him – who also had 16 – drew a card, and got a 10 (which C would have gotten) and went bust, and he commented angrily to his friends, in Greek, saying, 'There is someone on the table who doesn't know how to play.' Of course, C understood and got up, saying, in English, 'Well, I don't have to play here, I'll leave you to it, enjoy your game.' Leaving the blackjack table, we moved over to the roulette, where a middle-aged Greek Cypriot man gave up his chair and was smiling and courteous. 'There you are, you see,' observed C. 'One gentleman over here, and one *malakas* (wanker) over there.'

No politics, please, we're gambling!

On the face of it, disputes over 'right' and 'wrong' ways to play are based on performative criteria, unrelated to the social identity of those involved, and in this sense they are indexical in that they signify and reflect social relations rather than 'the static and therefore timeless iconicity of national culture' (Herzfeld 1997: 28). Nevertheless, there are occasions, as in the example just cited, when elements of stereotyping appear to form part of judgments concerning 'proper play', and other times when hostile stereotypes surface overtly. On one such occasion, C was at a table seated next to a Greek Cypriot woman, who was making a lot of derogatory remarks about Turks as she was playing, and he started to take her up on some of them. He asked her why, since she held these opinions, she was giving her money to the people she resented so much. And as things got heated, the croupier (from Turkey) stepped in and remonstrated with C, telling him there was 'no place for politics in the casino'.

My interviews with croupiers suggest that many indeed take an apolitical view of relations in the casino.[9] Very few of the croupiers I encountered were themselves Cypriot,[10] and they explained the main difficulties they encountered as arising from the 'whims' and 'caprices' of gamblers, rather than due to resentments or enmities related to the 'Cyprus problem'. One Turkish croupier suggested that 'there is nothing to divide people in the casino – it is 'them against the dealer'. Others had stories of friendships between Turkish and Greek Cypriots inside and outside the casino, emphasising that 'there is no problem between the people, it is just *governments*', and 'before 1974 people lived together happily'. It is striking how close the views expressed by croupiers are to the official Greek Cypriot accounts of trouble-free and happy relations before 1974, which, as we have seen earlier, is a view not universally shared by Turkish Cypriots, as has been increasingly recognised in some recently published Greek Cypriot memoirs as well as in filmed oral history interviews with Greek and Turkish Cypriot co-villagers of formerly mixed villages.[11]

In contrast to this, a number of Turkish Cypriot gamblers told me that, whilst they have friendly relations with Greek Cypriot and other gamblers in the casino, they would not go so far as to call them their friends, and in fact they do not really like the people they meet in casinos. 'L', a Turkish Cypriot lady who has gambled for most of her life and goes to the casino every day, tells me that, since the border opened and Greek Cypriots have started coming over to play, she has found that she has started to remember her Greek and to be able to say a few words. But she says that, although they smile and are chatty, 'You can see in their eyes that it is not sincere, it is all *politika*.' So when they get excited that she can speak Greek and try to engage her in conversation, she keeps it limited and then turns back to her game. She herself has not crossed to the south since the border opened.

Conclusion

Cultural intimacy, according to Herzfeld's model, emerges from the tension between 'indexical' – that is, relational – and 'iconic' – that is, essentialist – grounds for identification and familiarity. I have suggested that ideas about 'right' and 'wrong' play form the basis of indexical categories, but their contents are unstable. Ultimately, the 'right' kind of play produces wins for the table collectively against the dealer, but the contingency attendant on outcomes means that 'the table' can, on occasion, benefit from reckless 'beginners' luck', whilst 'considerate' and 'correct' play ends in the dealer sweeping the table. Gamblers' challenges to the 'rightness' or 'wrongness' of play by others are, in the end, no better grounded than the challenges to the oaths of Cretan sheep thieves, discussed by Herzfeld (1997), although in both situations, the certainty of those involved in the rightness of their position is unlikely to be shaken by being proved 'wrong' in the case of a particular outcome.

The indexical significance of 'proper play' can, as we have seen, both override and feed off knowledge of 'the other' drawn from stereotypes. In this regard, it is important to note that, whilst both Greek and Turkish Cypriot gamblers are compromised in their relations with the nation-state by their decision to gamble in the casinos of the TRNC, this cannot be read as indexical of a political position on Cyprus, nor of a particular attitude to, or relationship with, 'the other'. Rejecting the right of the state to intervene in the affairs of gamblers is not necessarily indicative of a disregard for the nation-state as a source of belonging, based on recognisable essentialisms and narratives, which, however, continue to divide Greek and Turkish Cypriots. The structural Greek Cypriot nostalgia for a time of unproblematic relations before the intervention of outsiders in 1974 cannot, on the whole, be shared by Turkish Cypriots, whose own memories of the time have created a cultural intimacy based on shared subaltern knowledge. In this regard, the 'apolitical' interventions of the croupiers are interesting: starting from a position that comes very close to the structural nostalgia of their Greek Cypriot customers, it is nevertheless the Turkish Cypriot players who find themselves co-opted into croupiers' strategies for preempting and managing conflict, in the process further reinforcing the 'secrecy' of Turkish Cypriot knowledge and subsuming it in a shared obligation of hospitality towards the Greek Cypriot 'guests' who have come to play in the TRNC.

The very contingency of what constitutes 'proper play' creates a space around the blackjack table for the emergence, distortion and slippage of contextually generated meaning, characteristic of cultural intimacy and different from the literalness and fixity of the public arena. This is not necessarily a comfortable space and is not exempt from essentialism and stereotyping. It can produce surprises, conflict and contradiction. Yet play continues, nonetheless.[12]

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Notes

1. For a detailed analysis of the events leading up to the opening of the Green Line, its aftermath and political implications, see Demetriou (2007).
2. Strong opposition from the Church and the left-wing AKEL party has been a traditional and effective block to the legalisation of live casino gambling in the RoC. At the time of this writing, however, it seems likely that this position will be changed. See, further, note 12 below.
3. In this they are adopting the same policy as other casino operators appealing to cross-border markets, as Pisac reports for Slovenian casinos catering to an Italian clientele: 'All casino staff (including valets, cashiers and security) speak Italian. Slot machines feature Italian themes and entertainment panders exclusively to the Italians' taste in music' (Pisac 2013, personal communication).
4. TRNC citizens of Turkish origin also have passports and IDs of the Republic of Turkey with which they can enter the casinos.
5. The TRNC is closely tied into the economy of Turkey, and its official currency is the Turkish lira. However, other currencies are widely used, in particular the euro, the pound sterling and, before the RoC's entry into the eurozone, the Cyprus pound. It is not unusual for till receipts from shops and cafes in towns in the TRNC to show the bill and the change due in three or four currencies.
6. Six decks of cards drawn from a shoe and shuffled manually – as in the casinos in Cyprus – represent medium-good odds for a player. Six decks of cards drawn from, and continually shuffled by, a machine represent the worst odds for a player, as card counting is impossible. In Slovenian casinos, the highest stakes are offered for two-deck games, where the cards are shuffled manually, as these represent the best odds for a player because cards are easily counted. I am indebted to Andrea Pisac for this information.
7. Marksbury's research in US casinos emphasises blackjack players' sense of being 'linked together by a common goal and mutual responsibility for outcomes' (2010: 99). He also notes that 'more conversation occurs at the blackjack table than at any other casino game' (98).
8. Roulette players, for example, often operate systems and techniques which they see as enabling them to influence outcomes. However, several blackjack players I spoke to were very dismissive of roulette, precisely because they perceived the agency it offers as illusory – especially when contrasted with the croupiers' capacity to influence the spin of the wheel (see, e.g. Sallaz 2002). On one occasion, I was reprimanded by a fellow player for what he regarded as a reckless decision on my part with the words 'We are not playing roulette here!' I was sitting at the critical 'third base' (see below, and Marksbury 2010).
9. On the other hand, because of difficulties in accessing croupiers, most interviews took place in the casino, in the presence of a supervisor, which undoubtedly influenced their answers to some 'sensitive' questions.
10. The majority of the croupiers are from Turkey, and from central and eastern Europe.
11. See, for example, Panikos Neokleus's book translated into Turkish and published in the TRNC in 2011 as *Tarihe Isik Tutan Anilar 1955–1974 Kibris*, and the 2011 documentary film *Birds of a Feather*, by Stefanos Evripidou and Stephen Nugent (see http://www.ahdr.info/viewnews.php?nid=92; accessed 18 April 2013).

12 This situation may change as a result of measures under consideration, at the time of this writing, to license casinos in the south in order to mitigate the disastrous impacts of the eurozone crisis and the collapse of the financial services sector on the RoC's economy. As the UK's *Guardian* newspaper reports: 'In a plan reminiscent of Spain's project to create a EuroVegas gambling resort on farmland near Madrid, Cyprus wants to put forward legislation to allow its own casinos. This would be a public policy reversal for the island [sic], which only last year banned online casinos and exchange betting.' http://m.guardian.co.uk/world/2013/mar/31/cyprus-casinos-boost-economy (accessed 17 April 2013). What impact this will have on Greek Cypriots gambling in the north, and whether there will be a reciprocal flow of Turkish Cypriots to gamble in the south, remains to be seen.

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9 Betting on people

Bookmaking at the Delhi racecourse

Stine Simonsen Puri

Introduction

A loud bell rings and in the background I can hear the voice of a commentator with a British accent announcing that the horses have left the stalls, and are off and running. I am stuck in the midst of a throng of Indian men, crammed together in front of a bookmaker's booth, eager to bet on the horse that has emerged as the favorite. The odds on the horse have come down to '80 paisa', or 80/100, which means that the potential returns are relatively small. Still, the men in the group are determined to bet on this particular horse and do not at any point turn their heads to the television screens to see how the horse is running: their focus is on the odds and the betting booth.

At the Delhi racecourse where I conducted long-term fieldwork between [illegible] and [illegible], it is not the horses which matter to bettors, but the odds. I begin by describing how the odds inside the betting ring emerge from the interaction between official bookmakers, unofficial bookmakers and bettors, from the vantage point of an employee of a bookmaking firm. The bookmaker takes bets at odds that are constantly adjusted and written on chalkboards in front of the booths inside the betting ring in the 20 minutes before a race. By describing the action that takes place in the betting ring in detail, I argue that the odds are formed by the idea that certain individuals have the ability to manipulate the future. This idea is acted upon by both bookmakers and bettors. Contrary to the idea that odds are based on an assessment of the relative merits of horses, I show how odds reflect attempts to divine the intentions of human beings. In other words, betting on the racecourse in Delhi is about people, not horses.

Examining how the odds are produced and interpreted provides an insight into processes through which an uncertain future is imagined, priced and potentially profited from. In this case, social hierarchies, economic regulations and (non) compliance, as well as the uneven adoption of information technology, all play a role in creating value from risk. Understanding how these different processes interact is of relevance not only to betting markets in Delhi but also to other legal and illegal betting markets that exist in-between gambling and finance. It also provides a more general example of how markets are created and sustained in environments that produce a surfeit of risk and (dis)information, giving rise to hedging and other kinds of secondary market activity. In this way, the esoteric example of betting on the racecourse in Delhi can also shed light on the social lives of financial products in more prosaic settings.

Gambling and horse racing in India

Legal betting on horse racing in India is increasing, with a total reported turnover of $455 million in 2010, double what it was 10 years earlier (International Federation of Horseracing Authorities 2012). Illegal betting is also on the rise, with a growing number of unofficial bookmakers involved in horse racing and other forms of betting on sports, elections, rainfall and other events. In 2009 the total betting market was estimated at $60 billion (Thompson 2009). Today, except for casinos in Goa, only horse race betting and state lotteries are legal in India (Sethi 2009). Even so, horse racing and lotteries have faced much religious opposition, and Mahatma Gandhi's publications specifically targeted horse racing and betting as social evils (1952). Gambling continues to be a morally sensitive subject, and only a few states permit the legal forms of gambling. The vast majority of betting markets remain part of the illegal economy: the most popular forms of gambling are mafia-run lotteries and betting on cricket with bookmakers over the phone.

Horse racing was introduced to India by the British at the end of the eighteenth century but did not open up to the public until the end of the nineteenth century (Frith 19[illegible]; Chettiyappaya 19[illegible]; Turf Authorities of India 19[illegible]). At that time, gambling legislation authorised betting on the racecourses while making it illegal at existing local bookmaking establishments (Birla [illegible]; Hardgrove [illegible]; Rogers 19[illegible]). Birla has convincingly argued that this class-based distinction was central to the process through which the colonial authorities differentiated between legal and illegal forms of speculation in order to establish modern financial capitalism in India ([illegible]). Since 18[illegible] it had been possible at some racecourses in India to bet through the pari-mutuel or pool betting system, but in 18[illegible] British bookmakers were granted permission to operate at racecourses and quickly grew in numbers and popularity (Frith 19[illegible]; Chettiyappaya 19[illegible]). From the 1[illegible] pari-mutuel betting was channelled through a mechanised system for the calculation of odds known as the totalisator (Conlon 19[illegible]).

The totalisator connects all ticket issuers to a large board or television screen, which shows the odds representing the payout ratio based on the 'weight' of incoming bets. The payout for each horse is finalised only after the race, and each race produces a fixed-percentage operator's profit and state tax taken from the 'pool' of total bets placed. Bookmaking, on the other hand, offers fixed odds agreed upon before the result of a race. Ideally, bookmaking using accounting techniques and probability theory can set balanced odds, which result in the same total payout on each horse by creating an inherent advantage referred to as the 'over-round' (Chinn [illegible]: 31–32; Munting 19[illegible]: 1[illegible]). In practice, this does not happen as straightforwardly, especially when the bookmakers act as singular units without the use of networked technology as used by the larger bookmaking corporations that have developed in England (Cassidy [illegible]).

Today, at racecourses in India, the totalisator handles only small-scale betting as most betting is done through small bookmaking firms who are thought to offer better odds and through whom it is possible to bet on credit.[1] Official bookmakers have a formal license agreement and work from raised booths set up in the betting ring. According to my data, only 10 per cent of betting with official bookmakers is reported for taxation. Unofficial bookmakers enter the racecourse as visitors and work from the ground of the betting ring without a license. The race club management tolerates the unreported betting of the official bookmakers as well as the existence of unofficial bookmakers working without a license in return for daily bribes from each of them. Despite the location of the racecourse (next to the prime minister's home and police headquarters) there is in general no interference in any of these illegal activities, a situation which is common in India, where the majority of economic exchanges take place beyond the reach of the formal, regulated economy (Harris-White 2[illegible]) .

While organised betting legal and illegal, in contemporary India has not yet been studied in detail,[2] this is not the first ethnographic examination of horse racing and betting Studies have been conducted in England (Cassidy 2[illegible] 20[illegible] 2[illegible]2 Fox 19[illegible] , in the United States (Scott 19[illegible]; Herman 19[illegible] Allen 2[illegible] Rosecrance 19[illegible]8; Zola 19[illegible] Cassidy 2[illegible] and Scandinavia (Jansbo 2[illegible] Binde 2[illegible]1). Yet in the literature, relatively little attention has been given to the betting ring itself. One reason for this is that fixed-odds betting, another term for betting with bookmakers, is illegal in the majority of jurisdictions, and therefore there are many racecourses worldwide without betting rings. In England, where bookmakers offer fixed-odds betting as they do in India (Cassidy 2002: 76–78), the majority of the turnover for bookmakers still comes from off-course betting shops (Cassidy 20[illegible] 2[illegible]2 . In India, with only a small number of off-course betting centres, the majority of fixed-odds betting takes place in the betting ring.

The betting ring is a unique space in which odds can be examined as the products of social processes, different from attempts to understand odds based on the methodologies of probability theory and finance (see, e.g. Williams 2003). This was famously recognised by Geertz, who examined the development and patterns of odds in a cockfight betting ring in Bali during the 1960s as a reflection of an existing cultural and social system, attempting to show how social modalities are translated into the economic value of the future (Geertz 1973). For Geertz, the odds and their movements reflected the hierarchical structure that he attributed to Balinese society. In this chapter my focus is narrower. I will show how, in the horse racing and betting industry, money is imagined, moved around and used to buy and determine the future. I begin by introducing the ring and its occupants.

Bookmakers at the Delhi racecourse

The betting ring of the Delhi racecourse consists of an oval dirt area covered with a tin roof, encircled by 26 bookmakers' booths raised above the crowd on platforms. Inside the betting ring, standing on the floor, are in addition approximately 100 unofficial bookmakers, who cannot easily be identified as they mingle with the crowd of bettors (See Figure 9.1).

Delhi hosts live racing on approximately fifty days of the year (46 in the 2009–2010 season), most often on Tuesdays, with a break between May and August. However, the betting ring is open almost every day of the year (except for in the heat of June and July) for betting on races held elsewhere in India. Races from Mumbai, Pune, Kolkata, Bangalore, Mysore or Hyderabad are broadcast on small televisions suspended around the racecourse and in the betting ring. The total number of races in 2010 in India was 3,312, of which only those in Chennai and Ooty were not shown in Delhi. On most days, therefore, the action takes place inside the betting ring and not on the tracks. Regardless of where the live action was taking place, the Delhi betting ring was a popular place for betting among bettors nationwide. Whereas other racecourses such as in Mumbai and Kolkata were more popular among the city's inhabitants as social gathering spaces, the Delhi racecourse, despite being positioned just next to the prime minister's home, was hardly known by nonbettors and was considered a disreputable place to be (Puri 2012, 2013).

The Delhi betting ring was a chaotic site where people ran around frantically and bumped into each other. Fervent interactions inside the betting ring bore some striking resemblances to traders on the pit in futures markets before 2000 when trading had not yet become predominantly electronic, as described by anthropologist Zaloom (2006). As chaotic as it may have seemed at first, once you started

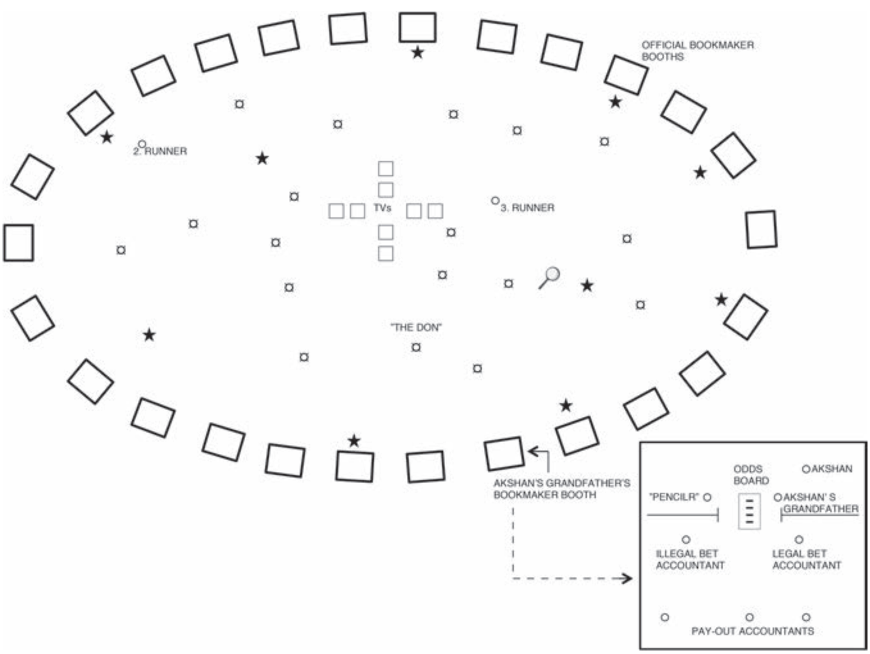

Figure 9.1 Map of Delhi betting ring with examples of positions of bookmakers and cutters.

Figure 9.2 The floor of the Mumbai betting ring.

to get to know the place, you could observe clear patterns in the movements of people which were tied to how, where and in which direction the odds fluctuated. While people simply moved faster, adapting to faster-moving odds, they also tended to flock around the bookmakers who provided the best odds on the favorite horse, and who could, as a result, have a hard time taking in all bets before the race started.

As an anthropologist, I found that spending time in the betting ring was an important part of my daily routine at the racecourse, where I observed the odds and the movement of bettors and bookmakers. Betting also created rapport with my research participants, encouraging them to share their ideas with me in a way that may not have been possible had I stood outside these activities as an observer.[3] Walking inside the betting ring before a race, I was often hit by an accelerating intense noise from the crowd of bettors, asking each other for tips and shouting out bets. The betting ring was an intimidating place dominated by men, where I, like the other few females present at the racecourse, was often advised not to go. Placing a bet could involve pushing your way through the crowd to the bookmaker's booth before the odds of the horse you were interested in fell or before the race started. It could also involve waiting anxiously for the odds to improve before you could jump in on a bet.

Each of the 26 booths in the betting ring employed up to 10 people. The owner sat on the outside of the booth accepting bets and adjusting the odds. Next to him was the ‘penciller’, who would write the potential payouts on betting cards with the government seal on it, in the case of both legal and illegal cash bets (see Figure 9.1). With the official bookmakers, bets could be made either legally while paying a 17 per cent betting tax or illegally, with only a 9 per cent illegal betting fee which went straight into the bookmaker’s pockets. The percentage paid depended on whether the bettor had established a personal relationship with the bookmaker, which also was a deciding factor as to whether or not one could bet on credit. Inside the booth were two clerks writing down bets with pens in large account books, one handling the legal bets and one handling the illegal bets. In the back of the booth were another three clerks who worked out winning payouts, which were handed over through the iron rods of the booth (see Figure 9.1). There could also be up to three ‘runners’ attached to each booth. Runners had several responsibilities. First, they monitored the development of odds among other bookmakers. Second, they monitored the betting of certain people who were considered to have inside information. And finally, they ‘ran’ to place bets with the unofficial bookmakers spread out on the floor of the betting ring to hedge their business risk. I came to know one runner, Akshan,[4] particularly well.

Binoculars in the betting ring

Akshan was employed by his grandfather, who owned one of the oldest bookmaking firms in the Delhi ring. He was often seen standing next to his grandfather in front of the booth on the platform above the crowd. Frequently, Akshan could be seen with binoculars, a well-known piece of equipment at the racecourses worldwide, mostly known for observing the horses. However, at this racecourse, known in India to be the centre for betting, binoculars were in use only in the betting ring. Akshan used binoculars to watch the odds on the boards of the other official bookmakers. From that, Akshan would let his grandfather know the ‘market rate’ of the odds, which is the shortest odds offered on any particular horse. By adjusting his own odds in relation to the market rate, Akshan’s grandfather could attract customers to the booth and manage his exposure to risk.[5]

Akshan was also on the lookout for people with cell phones. The cell phone was a highly valued piece of equipment for its ability to connect the racecourse with people from the outside tied to one or other of the nine racecourses in operation around India. In particular, Akshan was looking for ‘cutters’ who used cell phones to communicate the odds to people not present in the ring and to bet on their behalf (see Figure 9.1). Overall, Delhi bookmakers were reputed to be ready to take higher risks, which was attractive to bettors all over India. In Delhi, bettors could often get better odds at a reduced fee with bookmakers who were ready to take higher bets than their competitors at other racecourses.

Cutters were betting for horse owners and large-scale bettors, who, with their connections in the horse racing industry, were expected to have inside information or the capacity to bribe jockeys. Despite carrying expensive cell phones, cutters were not part of the rich elite, but their service providers. Some cutters were sent by their bosses from Mumbai. Others were from the shelters surrounding the

Figure 9.3 An official bookmaker of the Mumbai betting ring. A runner with binoculars stands on the right side of the booth.

racecourse, part of the city's unauthorised settlements, and came from families who had lived there for several generations, working on the operation and upkeep of the racecourse. The cutters were so named because they made a living by taking a cut from the bet: they were believed to report slightly different odds or fees, thereby creating and exploring a difference in the price of odds. However, most would represent themselves as loyal employees living off the goodwill of their bosses, sharing a small part of their profit from winning bets. The race club, aware of the cell phone-based business, charged 200 rupees (approximately $4) a day for a permit to carry a cell phone inside the racecourse.

For Akshan, it was not the cutters who mattered, but the person for whom they were betting as these individuals were perceived to have some inside information. When a cutter was spotted at a particular bookmaker, Akshan would take notice of how the odds were affected by his actions. As these bets were put on credit, there was no physical money to observe; instead the odds (and the way they fluctuated) provided the visible sign that money, or its promise, had been exchanged. After a short verbal exchange or a signal given between a bookmaker and a cutter, the odds on a horse would reduce, indicating that it had been backed. A heavily backed horse could be considered as a sign that a race had been fixed or that someone had concealed the true ability of the horse at an earlier point. Either way, it would be taken as a sign that the probabilities of the horse winning were high.

When Akshan reported such an incidence, his grandfather could, among other things, choose to lower the odds at the chalkboard of his booth regardless of the bets he had already taken in, thereby setting him in a position where the book itself was betting on an outcome. In doing so, however, he had to be careful and make sure to control demand through the odds. The problem was that once the odds were lowered, a lot of bettors could be attracted, since both bookmakers and bettors saw dropping odds as a sign of inside information, which in turn could cause a run of bets on the horse and would eventually make the odds drop even further.

Contrary to the market for fixed-odds betting in England, where bookmakers seek to attract customers by lengthening the odds, short-priced horses could attract more business as they suggested that the outcome was already determined. Bookmakers will thus most often have an imbalanced book, with proportionally many bets on the favorite. They rarely reject bets on the favorite as a method of creating a balanced book, since they try to make the money on their betting fees (different from in Britain, where there is no betting tax for on-course betting) while setting the odds extremely low, thus minimising a possible payout. This is partly why there are cutters in the first place: they come to Delhi to place bets that bookmakers at other racecourses might not accept. At times the odds will go down to 30/100, and yet still there will be bettors on the favorite. The bookmakers are thus themselves taking chances with imbalanced books. Yet at the end of the day they can come out as winners from just two favorites each day not winning. In the words of a bookmaker: ‘We never want favorites to win’. Yet favorites do win, and bookmakers in Delhi are known to go in and out of business, precisely because of their exposure to risk.

Playing with money

When Akshan’s grandfather’s book had taken in too many bets on a particular horse, Akshan could be sent to place bets with some of the unofficial bookmakers on the floor inside the betting ring. This is referred to as ‘laying off’ bets and is done by bookmakers in order to protect themselves against too great an exposure to risk. The principle of hedging consists in neutralising the risks of some bets by placing the bets received with another bookmaker; if the horse wins, the money needed for the payout to the winner of the bet can be obtained from bets placed with the other bookmakers.

As odds were constantly changing and as betting fees varied, laying off bets could also become a source of profit. This meant that one could both buy and sell risks in the form of odds and make a profit from the differences in price. Overall, the official bookmakers were preferred by large-scale bettors and horse owners because they were considered credit- and trustworthy. In order to compete, the unofficial bookmakers were charging a lower betting fee, and one unofficial bookmaker estimated they accounted for 10 per cent of the total betting in the ring. To Akshan, the unofficial bookmakers represent not only competition, but also an opportunity to gain profits by laying off bets. For example, by laying off bets where a 9 per cent betting fee has been paid with an unofficial bookmaker charging a 5 per cent fee, Akshan's grandfather's book makes 4 per cent of the bets just on the difference in the betting fees. This can be seen as a kind of fee arbitrage, where profit stems from price difference alone. If in addition there was a difference in the odds between the two exchanges, this could even become a ground for odds arbitrage, which is a method of profit seeking basic to derivative traders (Miyazaki 2003).[6]

The way that Akshan described the practice of hedging and/or arbitrage is: 'I am just playing with money.' Interestingly, Akshan, when laying off bets, potentially became a person to be monitored by others in the betting ring. He told of an incident in which his grandfather sent him to lay off a large amount of money as they had taken too many bets on a single horse. This was a simple act of hedging risk for him. However, for the bettors this was read as a sign of inside information. 'But it was nothing,' Akshan laughed. He told how everyone copied what he did and the odds eventually dropped. The incident illustrates how even when movements in the odds were generated by attempts at risk management, other bettors interpreted them as a sign of inside information. In this game, odds provide a kind of commentary or speculation on the social realm of information. The odds, regardless of how they had come into being, became not just a value put on the future, but a sign of the future, which became generative of how the future was valued.

Following the king

Akshan believed that beyond the information you could retrieve from monitoring how odds are affected by cutters, the only trustworthy information he could get was from one individual he called 'the king of downstairs' (downstairs referring to the betting floor), also called 'the Don' (see Figure 9.1). The Don was an unofficial bookmaker who, by being connected with the mafia, possessed three great business advantages. First, he had access to informal credit networks from which he could handle large money transactions across India. Because of this, he had insight into individual horses which were being heavily backed across the country. He was in fact the only bookmaker who could charge a 12 per cent betting fee, 3 per cent more than Akshan's grandfather, because he was the only one who could receive the very large bets above 500,000 rupees (approximately $10,000 at the time of fieldwork). Second, he had access to 'muscle'. Therefore, if anyone was to share inside information with him, it was assumed that, because of the threat of physical force, they would only tell the truth, whereas under other circumstances people were thought to be untrustworthy. And third, tied to his access to both cash and physical power, he was imagined to be someone who could predict the future, since he was believed to force or pay the jockeys to lose races if the amount of money at stake was sufficiently large to warrant this intervention.

For all of these reasons, when Akshan received an indication from the Don, even his grandfather, who according to Akshan did not take many risks, would 'follow it blindly'. In Akshan's words, 'That means that my luck is fixed.' As an employee of his grandfather, who was himself also experimenting with unofficial bookmaking by taking in some bets on his own while working on the floor of the betting ring, Akshan stands in-between the method of focusing on accounting and hedging used by his grandfather and the method of taking risks based on inside information. His grandfather would tell him to 'follow his formula of working and then you will survive . . . I [Akshan] also tell him, it's not the same racing which you operated a couple of years back . . . it has changed.' According to Akshan, because more and more bookmakers were working with what he called a 'pure gambling' approach to bookmaking, they 'kill the odds'. The odds thus reflected neither the probabilities of the horses nor the actual weight of betting (as the totalisator would) in each book, but rather a speculation on the future by the competitive market makers themselves. According to Akshan, in order to survive in the competition, one had to take more risks while seeking out more insider information than his grandfather was willing to do.

Akshan wanted to work for the Don once his grandfather retired. While working for his grandfather, Akshan received a daily salary of [illegible] rupees, which, he told me, only just covered his daily expenses of trips in the auto rickshaw to and from the racecourse, coffee with friends at some of the new cafés spread out in the city and a trip to the movie theatre here and there. In addition, he had a share in the book, which meant that he would get a percentage of the profits, which also enabled him to go on a yearly trip to Goa with his friends over Christmas and New Year. However, he was not fully satisfied. His dream was to start his own nightclub, and the money he would need to bribe the officials and the police would not be covered by his salary and the profits from the book run using his grandfather's methodologies. Therefore, his plan was that when his grandfather retired, he would work for the Don in order to 'learn how the downstairs market [unofficial bookmaking] works'. Based upon this knowledge, he would create his own business.

Reading people's intentions

During the 1960s, sociologist Marvin Scott conducted participant observation at a number of unspecified American racecourses (1968). As a student of Goffman, who had himself been interested in using gambling to understand human interactions (Goffman 2006; Sallaz 2008), Scott saw the racecourse as a stage where people were involved in 'impression management' – a method of concealing information and influencing others (1968: 1–9). At the racecourse, impression management was intended not to conceal one's true self (Goffman 1959), but rather more specifically to conceal the future, known particularly by the trainer. The trainer not only knew the fitness of the horse, but could also decide whether the horse was being 'tried' or not, in the sense that he instructed the jockey to try to win or just to let the horse have a run or even prevent it from winning.

If the jockey holds a horse back, concealing its true ability, two things can happen. First, it will be assigned less weight to carry in its next race on the basis of its bad performance, thus improving its chances of winning later. Second, if the loss was convincing, it will run with better or ‘longer’ odds in its next race, thus increasing the returns from betting. The point is that for the ‘performers’ of the races, the main objective according to Scott was not necessarily just to win a race, but to win at the right time and at good odds. In India, with relatively small prize money in the majority of races, resulting in a payout to the winning team of only 100,000 rupees (approximately $2,000), the only objective of the ‘players’ in the majority of races was believed to be winning in the game of odds and *not* in the race, which resulted in not only little money, but also limited prestige because of the ambiguous moral image of the industry, itself linked to gambling.

Betting on fixed odds with bookmakers was and still is illegal in the United States, and therefore there are no betting rings at American racecourses. So how did the ‘performers’ get better odds through impression management and the totalisator? In pool betting the more people who bet on the same horse, the shorter the odds and the less they will win since they have to share the winning pool with more people. Therefore, according to Scott, the challenge for the trainer, and to a lesser extent the owner and the jockey, was to conceal their own betting to others. This was in order to avoid other bettors betting on the same horse, thus shortening the odds. The point is that when odds started to drop, bettors would see this as a sign of inside knowledge and would then start to bet on the horse, causing the odds to drop even further and so on (Scott 1968: 83). To avoid this dramatic drop in odds, which would affect his final payout, the trainer could either wait to bet until the last second, or send a ‘front man’, who would bet on his behalf without the odds being affected (Scott 1968: 84).

Cutters may also be considered as front men since they bet on behalf of owners. However, because of fixed-odds betting, the concealment of intentions is relevant only up to the placing of a bet, because once a bet has been placed the odds have been locked. The fact that the cutters were not just hiding the people for whom they were betting but rather also making them visible as they were being monitored, gave them the ability to manipulate the odds. For example, as they could be working in teams, they could place bets which were only meant to raise the odds of a particular horse as a way of bluffing the bookmakers. For example, a cutter could be sent to make a bet on one horse at 1,000 rupees ($20) after which the odds for that horse would drop while the odds of other horses would rise, for example, from 1-1 to 2-1. Then, after a while, another cutter working for the same bettor would go and place a bet, the ‘real’ bet, of 5,000 rupees on the other horse. If the second horse won, the change in odds would then not only cover the 100,000 bet on the first horse, but would also make the total win much higher. According to Akshan, this posed a great challenge to runners and demanded understanding not only of odds but of people, to the extent that he had to ‘get into their minds’ to understand their true intentions.

Whereas the odds of the totalisator reflect all bets received, the odds of the betting ring are in themselves speculative, which can create more polarised odds, as at times it is not only the bettors but also the bookmakers who are betting on the favorite. The bookmakers thus stand in between the bettors and the odds and contribute to the fluctuation of odds through their own interpretations. In Delhi, the totalisator odds, even though they reflect actual betting, were not considered a reliable source of information; both because the big bettors did not use the totalisator and because they were not believed to be updated quickly enough. In that sense for bettors, the truth was only to be found in the betting ring.

As odds makers, the bookmakers were also perceived to be key players in the racing industry who could influence the outcomes of a race with the leverage provided by their wealth. Whereas Scott described the trainer as the person with the most influence at the American racecourses (1968: 47–77), in India it was mostly the owner who was considered to determine future outcomes[7] through instructions to both the trainer and the jockey, a hierarchy which is similar to that which Cassidy has described in Newmarket, England (2002: 57–64). At the Delhi racecourse, bookmakers were furthermore imagined to be influential actors who did not only put a price on the future, but also had the ability to affect the future through their economic leverage over the jockeys. As the jockey would make only approximately 8 per cent of the prize money, they would get only between $150 and $200 for winning a race. Everyone therefore thought that it would make perfect sense for the jockeys to go for the money which a bookmaker could easily pay them not to win a race, behind the backs of the owner and the trainer.

Whereas Scott emphasised the unique insights of the trainer about the form of the *horse*, the interpretation of the odds at the Delhi racecourse focused on trying to make sense of the intentions of the human 'performers'. In that sense, the odds were a totalising principle from which human intentions could be extrapolated with only a limited and indirect connection to the abilities of animals. Bookmaking in Delhi, without networked computers or corporate systems yet linked to racecourses nationwide, created a system open to financial speculation in which odds were created and evaluated based on interpretations of human intentions far beyond those present.

Conclusion

Social dynamics in the betting ring of Delhi are not static but have developed along with changes in the technologies and regulations which therefore play a significant role in creating the odds. In India, since 1995, cell phones have had a profound effect on the operational logic behind the odds, as exemplified in the role of the cutter. The cell phone not only collapses and expands the geographical scale of the betting markets by enabling betting in absentia from anywhere, but it reconfigures the dynamics of the markets. As a result, the trajectory of the odds becomes more complex and the development more unpredictable for both bookmakers and bettors.

I have shown that odds capture and conceal conditions of many kinds. First, the odds can reflect the ability of horses. Second, the odds can reflect the apparent intentions of bettors in the industry. Third, they can manifest the risk management of bookmakers. And finally, they can grow out of risky trades and arbitrage. In the betting ring it becomes almost impossible to ascertain the foundation for the odds, or indeed their purpose. However, even when the odds are unshackled from horses or the betting market and produced by risk work alone, they never escape their social significance as signs of human knowledge and behaviour. In the end, the logic from which the odds are interpreted and produced is that of certain people having insight into and/or power over the future. The idea of a manipulated future is central to the understanding of the calculative ethos behind the odds (Appadurai [illegible]).

Speculation in future outcomes by both bookmakers and bettors in Delhi betting ring focused on the intentions of people rather than the capabilities of the horses. The system was concerned with interpreting people's actions and inactions rather than the probabilities of the underlying assets (the horses) in question. This is not unlike trends of derivative traders in financial markets, where short-term movements of products in markets are interpreted by detecting traces of apparent inside knowledge rather than through 'interpretative analysis', where the derivatives are evaluated and their future value predicted through statistical methodologies tied to probability theory (Zaloom 2003; Miyazaki 2006, Miyazaki and Riles 2008, Leins, Chapter 14 in this volume). As with financial assets, as soon as horses enter a market for speculation, the estimation of their inherent potentials falls into the background as the odds – a reflection of human desires and intentions – take over.

In India, some old-timers complain about the movement of the racing industry away from a passion for horses, while the new generation of bettors and bookmakers find it exciting to attempt to figure out and influence the underlying dynamics of the betting markets. It is precisely the intersection between the social and economic forces that I have described here, which draws them to the betting ring, where they get a rush from the movement of the odds, which is, for them, more exciting than the rush of a horse passing over the finishing line.

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Notes

1 A survey I conducted at the racecourse in 2010 based on 109 respondents showed that 37.8 per cent bet in the betting ring, 65 per cent bet on the totalisator, and 19.6 per cent used both. However, the official numbers on the total reported betting on horse racing in India on the contrary reports a distribution of only 15 per cent of betting with the bookmakers and 15 per cent with totalisator, which has partly to do with differences in the distribution between different racecourses, and partly the large amount of betting with the bookmakers which is not reported for taxation purposes.
2 Ellen Oxfeld Basu's study of mah-jong playing within a Chinese community in Kolakata is the only ethnographic study of gambling in contemporary India (1991).
3 I clearly explained my purpose (to conduct ethnographic research into horse race betting) to everyone I talked with, as well as to the race club management.
4 'Akshan' is a pseudonym.
5 This brings the odds close to what is called 'martingale probabilities' in finance, where odds come to reflect the market demand rather than any estimated probabilities inherent in the horses (Mackenzie and Spears 2012).
6 In Europe, arbitrage is increasingly accessible through odds comparison websites like Oddschecker and betting exchanges including Betfair and Betdaq.
7 Except for female owners, who were considered to have their name on the horse only for tax purposes, as the husband was imagined to be the real person behind the horse.

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10 Bad luck, slippery money and the South African lottery

Ilana Van Wyk

The life of a lottery millionaire

In November 2006, South Africa's youngest lottery millionaire was arrested and charged with murder. The state claimed that Thamsanqa Maramba[1] had turned to the drug trade to supplement his dwindling fortune. When one of his runners stole 8,000 rand from him, he allegedly paid four hitmen to murder the man as an example to others. Thamsanqa's advocate protested his innocence, noting that he had never been in trouble with the law and that contrary to the state's allegations, a large portion of his R6.7 million jackpot was safely invested (Van der Fort 2006: 5). The trial was postponed numerous times (Joseph 2007: 12) before a High Court judge finally presided over it in March 2009 (Breytenbach 2009a: 3).

Thamsanqa's trial made headlines across the country. Journalists covering the event told the tale of a 19-year-old from humble origins who had won and squandered a fortune in three years, who became addicted to the 'good life' and who turned into a ruthless drug lord in order to maintain his lifestyle (Breytenbach 2009a: 3; Nicholson 2009: 6). Despite the absence of a body or a murder weapon (Joseph 2007: 12), and the unreliability of the state's witnesses (Breytenbach 2009b: 7, 2009c: 4; Nicholson 2009: 6), the judge sentenced Thamsanqa to 28 years in jail for murder (Samodien 2009: 3). Thamsanqa continued to plead his innocence, stating that local gangsters had murdered the victim as part of an inter-gang war of which he had no part. He denied being involved in the drug trade and said that he was forced to help dispose of the body because the gangsters threatened to kill him ('2003 Lotto Winner Face Life in Jail' 2009; Breytenbach 2009c: 4, 2009d: 6). The judge did not believe his story (Samodien 2009: 3).

At the time of Thamsanqa's court case, I was doing research with lottery players in Cape Town's Khayelitsha and Langa townships a few miles from the infamous winner's home.[2] Because I am an anthropologist, my research comprised long periods of participant observation in the homes of township lottery players, in the shops where they bought lottery tickets, on the streets where people played informal gambling games and in the drinking parlours where they bemoaned their 'luck'. It was in these settings that Thamsanqa's story gained enormous traction, not just as a tale of frustrated riches but also as a cautionary tale about the dangers of lottery play. Intrigued by these tales, I eventually traced Thamsanqa to a maximum-security prison close to Cape Town, where he generously agreed to a series of interviews.[3]

Of culture and desire

This chapter deals with the ideas of luck, money and fortune that shaped and informed Capetonian township dwellers and Thamsanqa's participation in the South African lottery. It is a focus somewhat at odds with an existing body of research on lottery players in South Africa and further abroad. With the launch of South Africa's first national lottery on 11 March 2000, a large number of civil organisations feared that poor black people, enthused by the economic promises of political liberation, would spend large portions of their meagre funds on lottery tickets (Hooper-Box 2003; Power 2003). Worried about the spectre of problem gambling among the 'poorest of the poor', the South African lottery industry, like lotteries in the United Kingdom, Scandinavia, Canada and the United States (Ariyabuddhiphongs 2010), funded large research projects in the fields of economics, neuroeconomics and psychology to trace patterns of problem gambling and neurological pathologies among South African lottery players (see Collins 2003; Collins and Barr 2001; Dellis et al. 2012; Ross et al. 2008). While some studies affirmed that poor lottery players spent only modest amounts (National Lotteries Board 2011: 7–9; Van Wyk 2012: 45–46), laboratory tests, economic modelling, neuro-imaging, large-scale surveys and questionnaires largely explained lottery participation in terms of uncontrolled individual desires and pathologies (Harrison and Ross 2010: 185–196; Ross et al. 2008).

However, the Western subject-centred discourse of economics (cf. Marglin [illegible]) and psychology has been at a loss to explain the apparent unique inconsistencies in the risk preferences of South African lottery players. Using an adapted utility function, and assuming that risk aversion is both constant and relative to wealth, researchers have been flummoxed by the instability of economic utility in their samples (Etheredge et al. [illegible]). For their part, anthropologists have long argued that risk preferences are not solely determined by individual temperaments, economic utility or cognitive structures but that culture plays an important part in the ways in which people imagine, define and behave towards risk (Caplan 1990; Douglas and Wildavsky 1983).

Relatively little anthropological research has been done on state-sponsored national lotteries in other parts of the world (see Casey 2003, 2006; DaMatta and Elena Soárez 2006; Kaplan 1978, 1979, 1987; Falk and Mäenpää 1999; Malaby 2003, 2012: 103–116). In South Africa, Jean and John Comaroff (1999; 2000a: 318–328) discussed the lottery as both a marker and a necessary condition of neoliberal capitalism or 'millennial capitalism'. They argued that under neoliberalism, the South African lottery has become an indispensable part of the state's fiscus while immense uncertainty sits at the very heart of financial systems (Comaroff and Comaroff 2000b: 298; cf. Strange 1986). Neoliberal forms of capitalism have thus severed the visible link between production and value and enabled a small minority to accumulate previously unimaginable wealth. Those on the margins of this process of accumulation often suspect that others use supernatural forces to immorally divert resources to enrich themselves. In response, they turn to 'occult economies' in an attempt to redirect the flow of resources and to destroy 'others and their capacity to create value' (Comaroff and Comaroff 1999: 297). Occult economies then deploy 'magical means ["or inherently mysterious techniques"] for material ends' (Comaroff and Comaroff 1999: 297; cf. Comaroff and Comaroff 2000a: 318–328). With specific reference to the lottery, the Comaroffs (2000b: 305) have pointed out that new prosperity gospel churches and occult specialists increasingly offer South Africans 'magical means' to secure the lottery jackpot and that these 'techniques' have become commonplace (Comaroff and Comaroff 1999: 281–282; see also Moore 1999: 304–306). Central to the Comaroffs' argument is the role of desire and greed in a context of lack.

In this chapter I will argue that although desires are important in people's lottery participation, ontological beliefs played an important role. In my research, participation in the lottery was often determined not by the depth of people's desires but by their perceived permeability to an invisible world of witches, evil spirits, djinns (invisible spirits referred to in the Qur'an and Islamic theology) and powerful syndicates. These cultural or ontological perceptions not only had long historical precedents (Van Wyk 2013: 24–25), but also inspired apparently contradictory or paradoxical behaviours in lottery participants.

The lottery luck industry

In common with people in other parts of the world (Falk and Mäenpää 1999; Kaplan 1987), most township lottery players dreamed of winning enough money to buy their own houses and cars. But unlike players in the West, many turned to a local 'luck industry'. At most township taxi, bus and train stations as well as at shopping centres, touts handed out pamphlets advertising the services of special lottery 'doctors', imams (Muslim clerics), 'professors', prophets, *sangomas* (traditional healers), *iqhirhas*[4] (herbalists) and diviners. These specialists sold an enormous array of soaps, powders, potions, lotions, sticks, stones, dried animal parts and plant matter. Collectively known as *muthi*, these magical substances were said to 'help the lottery balls'[5] because they retained or contained essences associated with clairvoyance and luck. Thus animals such as vultures, renowned for their far-sightedness and their uncanny ability to find food in unforgiving landscapes, were especially popular among *muthi* traders. According to local belief, people who smoked vulture brains imbibed the animal's qualities to gain second sight. While this clearly facilitated successful betting and gambling activities, it also 'worked' in establishing business success and intelligence in schoolchildren and relieved headaches.[6]

Given the use of 'lucky *muthi*' for the lottery and the fact that the majority of township lottery players I interviewed subscribed to the fallacy that their chances of winning increased exponentially as they bought more tickets (cf. Clotfelter and Cook 1993:1521–1525), one would expect *muthi* users to spend more money on lottery tickets. This was not the case. Like hundreds of other players I interviewed, *muthi* users played with relatively small stakes and had low expectations of actually winning the jackpot.[7]

Laaki is a case in point. I met the unemployed young man while doing research in Khayelitsha. When I questioned him about his lottery participation, Laaki remarked that he sometimes visited a local *sangoma* to 'increase [his] lucky' before he bought a lotto ticket. He freely admitted that the *muthi* seldom worked. When he last approached the *sangoma*, he spent R350 on *muthi* before he bought a lotto ticket for R7. This amount was similar to the amounts that other lotto players spent on tickets. Laaki's 'investment' did not pay out. Not a single one of his numbers matched the ones drawn during that evening's lotto television show. Laaki was surprisingly philosophical about the failure of his *muthi*, stating that 'good things come in a row' and that his *sangoma* was probably 'working on other things'. As the absence of luxury cars and large houses in my research area attested, many other township lottery players bought similarly 'defective' *muthi*. And like Laaki, they continued to seek out the help of *sangomas*, diviners and other luck merchants. Often, players returned to the very people who had sold them unreliable *muthi* to 'fix' their 'luck'. On the surface, this seems rather contradictory.

One can explain some part of this contradiction with reference to local beliefs about the inherent unreliability of both *muthi* and diviners. Many people in Langa and Khayelitsha were openly sceptical about the efficacy of lottery *muthi*, even if they were ardent users of it. Those who adhered to 'traditional beliefs'[8] pointed out that the ancestors, who supposedly channelled luck through such *muthi*, were not familiar with the lotto. As one man exclaimed, 'How will they know how to work those machines when they are used to cattle and crops?' Apart from being 'too new' to fall under the jurisdiction of the ancestors, many people remarked that the peddlers of lucky *muthi* were often themselves poor and unlucky, situations that attested to their impotence. For their part, many Pentecostal Charismatic Church[9] (PCC) members insisted that *muthi* was merely a vehicle for demonic infections and could not have positive outcomes in the lottery – or in life. However, since doubt formed an integral part of local beliefs, people continued to 'take a chance' on Lottery *muthi* and on poor *sangomas* (Van Wyk 2012: 41–68).

In my research area, it was also widely accepted that people who engaged with invisible forces often had opaque motives. Thus while *sangomas* and diviners promised to 'unblock' the flow of good luck into their clients' lives by combating dark forces, many people suspected that this engagement required compromising knowledge of dark deeds. Indeed, to effectively fight evil or witchcraft it was believed that one had to reverse the words and deeds that caused it. This necessary (secret) knowledge of witchcraft left many township residents ambivalent about the true intentions of their chosen spiritual defenders.

Others asserted that the *muthi* they were given did not work because they had not followed instructions to the letter or because their doubts rendered the *muthi* ineffective. For instance, at the Universal Church of the Kingdom of God (UCKG), a PCC boasting a large local membership, pastors blessed lottery tickets to ensure their followers' prosperity.[10] Many township residents declared that they were 'taking a chance' (Van Wyk 2012) on the church's charms and holy oils and knew that their remedies and consultations were dependent on a concentrated willingness to believe in their efficacy (cf. Kirsch 2004: 699–709). Any wavering in their commitment to or belief in their future blessings spelled certain failure.

Slippery money and devilish pig heads

Local ideas about the unreliability of *muthi*, lottery specialists and individual commitments tell only half a tale. To unravel this apparent puzzle, I had to look beyond the lottery jackpot to determine what lottery players meant when they said that they wanted to improve their ‘luck’ through lottery *muthi*. For the majority of township residents I interviewed, reality was constituted by both a visible and an invisible realm. Whether people subscribed to what was widely known as ‘traditional beliefs’, to new forms of Christianity, or in rare cases to Islam,[11] they often insisted that their visible or physical lives reflected the dynamics of hidden realities (c.f. Ashforth 2001: 218). Theirs was a spirited world in which all illness (apart from a few ‘natural’ diseases), hardship and accidents were caused by unbalanced relationships with people (dead or alive), spirits or the environment. In this world, bad things were *caused* by various forms of pollution or were willed by people and evil spirits with supranatural knowledge.

Although pastors in new PCCs such as the UCKG often dismissed traditional beliefs as demonic, they shared with *sangomas* a conviction that evil forces were constantly ‘upgrading’. In numerous interviews, *sangomas* emphasised that witches were ‘clever’ and ‘researched’ new ways of attacking their intended victims. Similarly, UCKG pastors frequently warned their congregations that Satan and his demons were trying to find new ways to overcome ‘believers’. In both the *sangomas*’ and the UCKG pastors’ worlds, individuals could never be immune from the work of evil because malicious forces were continuously improving their knowledge and strategies in order to undermine good in the world. While *sangomas* asserted that witches were motivated by jealousy to kill and destroy, UCKG pastors situated the work of demons in a larger spiritual war in which good and evil were fighting for supremacy.

Whether they subscribed to notions of individual evil or to beliefs about their location in a larger spiritual war, township residents tended to assess their lives in terms of the precarious balance they maintained between the various invisible forces that were working towards their downfall and those that they tried to access to get them ahead. Many also asserted that once this balance was disturbed, one needed to right it at the point where it had gone wrong or risk losing everything. They spoke about inevitable patterns of decline that followed an inability to amend such a tear in the fabric of life; of people who suddenly fell ill, lost their jobs, saw their money disappear, became unlucky in games, suffered from depression and fought with their family and friends. When I suggested to my hosts that winning the lottery would surely halt this pattern, they merely replied that the money and the things it bought would either inexplicably evaporate or that the winner would die before it was paid out.

I was particularly interested in people's explanations of disappearing houses, cars and money. It quickly became clear that they were not referring to foolish financial decisions or to unwise investments but to an ontological 'slipperiness'. People under spiritual attack were said to lose control over the intersections between the visible and the invisible. Their material possessions thus started to drift into immateriality, a process that many of my interviewees described as akin to invisible flames consuming the substance of a victim's possessions. For instance, although a car thus consumed would seem normal, it would either be accident-prone or unreliable for no reason. Similarly, purchases made with money that was invisibly consumed would be unproductive or sterile, much like the 'hot' (Comaroff and Comaroff 1990: 195–216), 'barren' (Taussig 1980) and 'bitter money' (Shipton 1989) of people in other parts of the world.

To anchor such 'drifting' possessions in the material world, victims had to overcome their tormentors' evil intentions. From an already weakened state, this was very hard and required the expertise of people like *sangomas*, pastors and imams. In churches like the UCKG, bewitched individuals tried to overcome the mediation of people altogether by asking God to give them cars, houses and money that were inviolate from invisible attacks (Van Wyk 2013).

On being lucky

It was against the background of widespread beliefs about the work of witches and evil forces in unmooring things from their proper places that people in Khayelitsha and Langa recounted the story of Thamsanqa Maramba and of other 'unlucky' lottery millionaires. Although the disastrous fortunes of real lottery millionaires were often recounted in local newspapers (Goldstone 2009: 7; Packree 2009: 4), almost everyone had a story to tell of a lottery millionaire (who was a friend of a friend) who had died shortly after he collected his winnings or who had gone bankrupt, of the conflict that suddenly marked relationships with family and loved ones and of the inexplicable unhappiness that beset new winners. While the 'myth' of the tragic lottery millionaire is widespread in other parts of the world (Falk and Mäenpää 1999; Kaplan 1978), its South African township manifestations revealed very specific understandings of the ways in which individuals inhabited the world.

Central to the ways in which Khayelitsha and Langa residents understood lottery *muthi* and the tragedy of lottery winners was a particular conception of the human body. Whether they honoured their ancestors or as PCC followers dismissed the ancestors as demonic, people in my research area insisted that the physical manifestation and health of their bodies and lives were animated and influenced by an invisible dimension. Those who believed in the goodwill of their ancestors insisted that their ancestors channelled *inhlanhla* (good luck/fortune) to their faithful descendants. People with this *inhlanhla* were said to be physically strong and healthy, to have hearty appetites, to be attractive to other people, to have money, luck, many friends, happy families and successful careers. *Inhlanhla* then boosted the life-giving force or *amandla* (power) that the ancestors bestowed on each of their progeny upon birth. Thus when people referred to *amandla* in their daily conversations, they were not simply talking about their energy levels. For instance, people would often say '*akinemandla*' ('I do not have power') to explain why they could not slaughter for their ancestors, that they were sick or did not have money or why they were unable to participate in the lottery. *Amandla* could also be fatally weakened by the kind of witchcraft that blocked the flow of *inhlanhla* from the ancestors, by the ancestors' withdrawal of their protection and by the anger of a forgotten or angered ancestor. Regular witchcraft also aimed to decrease or destroy a person's *amandla*.

Thus when people approached *sangomas* or diviners for lucky *muthi*, they were seldom concerned with the lottery jackpot alone. As Laaki explained, his *sangoma* was probably still working on 'other things' before good things would 'come in a row', that is, before he won in the lottery, had his health restored and reconciled with the mother of his children. In the meantime, Laaki had to continue bolstering his *inhlanhla* with *muthi*, of which the lottery *muthi* was but one remedy.

PCC views on the human body and its connection to individual 'luck' showed remarkable parallels with their nonbelieving neighbours. Thus members of the UCKG, for instance, ascribed all illness, poverty, bad luck and social problems to the work of demons. More specifically, they asserted that demonic spirits often invaded human bodies to block the flow of blessings from God into their victims' lives. The only way to restore the flow of blessings from God was to exorcise the demons from a person's body and to establish a sacrificial covenant with God. Like other PCC followers, UCKG members declared that God had intended a life of boundless wealth, health and happiness for his children but that Satan's forces worked against the establishment of such 'blessed lives' on earth (Van Wyk 2013).

Central to this understanding of the flows of luck was a conception of the human body that was not contained within the limits of a skin. In my research area, it was generally believed that individuals transmitted personal substances to and incorporated substances from other bodies and the environment. Through their shadows, breath, aura, bodily fluids, dead skin and fingernail and hair clippings, individuals left invisible connections to their bodies in the world as they went about their daily lives. Witches and people with bad intentions were said to collect these substances in order to direct their curses, witchcraft and demonic infections (Van Wyk 2013; cf. Ngubane 1976: 274–284; 1977: 22–95).

In my research area, the 'leaking' nature of the human body, the predatory disposition of witches and evil spirits and the possibility of being polluted by an unbalanced environment all contributed to make health, wealth and happiness tenuous. Whereas the Comaroffs asserted that increased risk and precarious livelihoods were a result of specific economic conditions, my research participants traced their tenuous lives to an ontological condition that was not particularly new. People often asserted that witches have always been around and that their ancestors also had to fight against them. It also meant that people were constantly trying to manipulate their fortunes with the help of spiritual experts such as *sangomas*, church leaders and diviners.

While most people merely tried to reestablish the flow of blocked blessings (in the case of PCC followers) or *inhlanhla* (for those who relied on their ancestors) or to strengthen their bodily defences, some were rumoured to approach *sangomas* for more nefarious ends. Many township residents talked about people who enlisted the help of unscrupulous *sangomas* or *iqhirhas* to acquire magical snakes and *tokoloshes* (short ape-like men with enlarged penises) to make them rich and powerful. Driven by excessive greed, these people were rumoured to sacrifice the blood of close relatives to 'feed' their magical creatures. The *tokoloshes* and snakes were apparently insatiable and drove their owners to increasingly wicked deeds. However, while in possession of these creatures, their owners were protected from invisible attacks on their money and from the inevitable jealousy of less fortunate people (cf. Geschiere 1997). People who became wealthy and powerful through these means were considered not lucky but immoral.

The evil lottery syndicate

Interestingly, very few people in Khayelitsha and Langa believed that lottery winners like Thamsanqa Maramba had made use of magical snakes or *tokoloshes* to acquire their 'cursed' fortunes. Instead, they asserted that these 'unlucky' winners were victims of the whims and manipulations of dangerously powerful individuals and organisations. Most of my interviewees insisted that these powerful people made it too 'dangerous' to win the lottery jackpot and that they were playing for the second-, third- or fourth-division prizes. They insisted that the lottery owners apparently did not 'bother' such winners.

Without hesitation, most of my interviewees named the 'lottery owners' as the most likely source of the tragedies that befell poor people who became lottery millionaires. They often declared that it was common knowledge that the lottery owners rigged the outcomes of draws to benefit their own families, friends and associates. As one man remarked, 'The winners are always from other places . . . in the suburbs, places like Constantia.'[12] People were also very suspicious of the fact that the identities of lotto winners were very seldom published.

Although some people asserted that it was impossible to know how the lottery owners worked their dark deeds without sharing in their evil knowledge, others confidently proclaimed that it was made possible by modern technology. Since all lottery tickets had to be bought from a computerised terminal, the lottery owners were rumoured to keep tabs on who played where and with what numbers. Many of my interviewees pointed out that Gidani, the lottery operator, published breakdowns of the luckiest provinces, towns and areas online and in the newspapers. With this information, the lottery owners were said to programme the lotto machine to deliver their friends or associates' numbers on television. As proof of this manipulation, some of my hosts referred me to a case widely reported in the newspapers of a businessman who had won two lottery jackpots seven years apart (Mashaba 2009: 1; Smillie 2009: 1; 'Lucky Limpopo Man Beats Astronomical Odds to Win Lotto a Second Time' 2009: 1).

Apart from the double winner, quite a number of people mentioned the technical glitches that supposedly unmasked the lottery owners' operation. The newspapers occasionally published complaints from television viewers who had heard the lotto numbers announced before the machine drew the balls. Spokespeople for the South African Broadcasting Corporation (SABC) explained such glitches in terms of the occasional 'time warp' between sound and visual feeds (Tsedu and Carew 2004). My township interviewees were not fooled by such explanations, saying that the lotto owners were in cahoots with the SABC executives.

Despite their rumoured excessive greed and growing demands from their associates, my interviewees asserted that the lotto owners occasionally let a poor person win the jackpot. While such concessions were supposedly politically expedient, they were reluctantly made because the lottery owners' desires were insatiable. When choosing poor winners, the lottery owners apparently targeted those who were naïve or who did not know how to properly protect themselves. They then conspired to bewitch the new winner so that he or she would soon be back where they 'belonged'. Their money would also magically flow back to the lottery owners. In this vein, many of my interviewees told how the lottery owners killed new winners, made their money disappear or 'finished' them with their *muthi*.

Thamsanqa Maramba

Of the unlucky lottery millionaires that featured in local newspapers, none hailed from Khayelitsha or Langa. The nearest person was Thamsanqa Maramba, who had grown up on the Cape Flats, a historically 'Coloured'[13] area. I did not expect Thamsanqa to share the suspicions and worldview of my township friends but decided to interview him in any case as part of a larger research project on the South African lottery. During our first interview, Thamsanqa insisted that unlike 'Black people' in the townships who often relied on random or personal numbers to play the lottery (cf. Falk and Mäenpää 1999: 3), he used a mathematical system to pick his numbers. He also did not use *muthi* to win and dismissed rumours of the 'lottery curse' as superstition. According to Thamsanqa, his problems started when his fiancée and mother refused to move to another area. Since they were surrounded by poor people, he soon became 'paranoid' that someone would rob them or hold his family to ransom. Thamsanqa started to rely on drugs to keep him alert in case someone attacked. Soon, unscrupulous people began to exploit his altered state of mind to secure loans that they had no intention of paying back. Thamsanqa told how he bankrolled various small businesses, developments, minibus taxi operations and celebrations like weddings. He observed that after his win, people started to 'fear' him because of his perceived wealth and power. Later, such perceptions led to his incarceration; the judge who sentenced him assumed that his money had conferred power and influence on Thamsanqa, something he denied.

At our next meeting Thamsanqa admitted that he held back 'information' because he feared that I might have been a spy for 'the lottery people'. In the week since our first meeting, one of his fellow inmates had verified my credentials. Thamsanqa promised to give the man three lottery numbers for his efforts. In our subsequent meetings, Thamsanqa asserted that the lottery people did not want him to win a second time and that they were keeping tabs on his numbers system. He feared that they would kill him should he crack the 'code' again. Like winners in other parts of the world (Eckblad and von der Lippe 1994; Falk and Mäenpää 1999; Kaplan 1978), Thamsanqa insisted that God had 'chosen' him to win. But unlike these winners, Thamsanqa described his 'bad luck' in terms of the agency of evil djinns that jealous business people sent into his life. He identified a businessman who had to 'sweat (work) for his money' as the source of his torment and speculated that the man was driven by jealousy because God had not blessed him.

At one point, when Thamsanqa realised that a djinn was responsible for his drug habit and for the bad decisions he was making, he invited three priests and an imam to his house to exorcise the evil spirit. Although they were not successful, they managed to extract the spirit's name. With this information, Thamsanqa sent the djinn back to its owner. He defended his actions by saying that if he did not send a counter-attack, his enemy would have 'finished' him. It was thus with some satisfaction that he noted that the man's business started to lose money and his wife left him. Unfortunately, Thamsanqa sighed, his ill fortune did not end with the defeat of his enemy. Within a few months, one of his friends was murdered in his backyard and he was accused of the deed. While he was in jail, his relationship with his fiancée and several family members also broke down. There were too many jealous people with evil intentions for him to control. In 2011, Thamsanqa unsuccessfully appealed the judge's decision (Kassiem 2011: 4).

Thamsanqa's tale, although atypical in that he won the prize at least, shared in wider understandings of the flows fortune, bad luck and the 'slipperiness' of money. His tale, like those of countless township players, is also situated in a 'spirited' world that acts on humans. This spirited world ties the potentiality of money (and of the lottery) in intimate ways to the integrity of the human body and its position in relation to other people. Thus Thamsanqa, for instance, explained the 'impotence' of his lottery winnings in terms of the access that invisible djinns had to his body through the machinations of other people.

Conclusion

My research on the beliefs of poor lottery players in Cape Town highlighted two paradoxes: that they should not play more and that they should play at all. Given the ubiquity of local luck merchants and various forms of lucky *muthi*, I expected that people who turned to the luck industry would invest more money in the lottery. They did not. On the other hand, given local beliefs about the predatory dispositions of powerful people and the essential victimhood of the poor, I expected that vulnerable people would avoid playing the lottery. They did not.

In this chapter, I illustrated how people could make sense of these seeming contradictions and how they could hold them in productive tension as they negotiated risk in their daily lives and as they imagined the predations of powers beyond their local horizons. It was a process in which individuals' desires for material goods were constantly circumscribed by their awareness of their precarious ontological circumstances. It was also a process in which people had to rely on inherently ambiguous technologies and specialists. Thus luck *muthi* was not simply a means to an end but augmented a process in which individuals tried to balance various aspects of their lives. Being 'lucky', then, was not something that happened to an individual or something that they possessed, but something they had to work at. Indeed, things became 'slippery' and dangerous if outsiders bestowed unexpected fortunes on a hapless individual, as cautionary tales about Thamsanqa's unlucky lottery jackpot attested. In this context desire as the main predictor of lottery participation fails to explain what economists have called 'risk preferences'. In Cape Town's townships, cultural perceptions of a person's changing vulnerability to invisible and uncontrollable forces perhaps offer more convincing prognostics.[14]

Acknowledgment

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Notes

1 Although Thamsanqa's real identity is a matter of public record, I have used pseudonyms for all of my research participants.

2 These townships bore the spatial legacy of apartheid, with a majority of their largely black and Xhosa-speaking residents living in poverty. In Khayelitsha, for instance, it was estimated that between 46.3 and 50.81 per cent of adults were unemployed, while 90 per cent of households earned less than R3,500 a month. In both townships, the majority of households were dependent on government child-support grants, old-age pensions and disability grants to survive (Van Wyk 2012: 5).

3 Gidani and the National Lottery Board refused to participate in a study on lottery millionaires, stating that they had to protect the privacy of these winners. For this reason, I was dependent on information in newspaper articles and the help of the Prison Services to trace Thamsanqa.

4 In Xhosa, the plural of *isangoma* is *izangoma* while for *iqhirha* it is *amaqhirha*. I have anglicised the plurals of these words in this chapter for ease of understanding and to indicate the extent to which these words have been included in the lexicon of South African English.

5 In common with lotteries in the United Kingdom, Finland and the United States of America, the South African lottery numbers are drawn on a live television show by a machine filled with numbered balls.

6 Such was the demand for vultures and other 'lucky' animals or plants that conservation bodies feared that the *muthi* trade would annihilate the affected local fauna and flora ('No Luck for Vultures' 2006; Ross 2010: 1).

7 On average, township players spent R52 per month or just over R13 per week on lottery tickets. At the time, the National Lottery held two draws per week, on Wednesdays and Saturdays. Most lottery players I interviewed played one or two lotto lines at a cost of R3.50 each and often opted for the LottoPlus game at an additional R1.50 per line,

averaging about R5 per draw. These figures are close to the national average spent on tickets in South Africa (National Lotteries Board 2011: 9–11)

8 In this category, people included the belief in the efficacy of ancestor spirits as well as forms of Christianity that incorporated the ancestors, such as Zionism and older forms of Pentecostalism.

9 PCCs are characterised by their emphasis on charismatic experiences and by the doctrines of spiritual warfare and the prosperity gospel (Robbins 2004: 117–143).

10 The UCKG eventually stopped this practice when its national bishop was replaced by an incumbent who asserted that believers did not need to gamble as God would bless them with riches without a lottery ticket.

11 According to the 2001 census, 79.9 per cent of Black South Africans were Christian, 17.5 per cent had no religion (or possibly adhered to 'traditional beliefs') while 0.2 per cent were Muslim (Statistics South Africa 2003). The 2011 census did not include a question on religious affiliation (Statistics South Africa 2011).

12 People who lived in Khayelitsha and Langa did not define the townships as suburbs of the city, while formerly White areas such as Constantia fulfilled this description. In Cape Town, Constantia was well-known for its palatial houses and large estates.

13 Apartheid legislation classified South Africa's inhabitants into four racial groups, namely 'native' or later 'Black', 'White', 'Coloured', and 'Asian'. While 'White', 'Black', and 'Asian' are common descriptive terms elsewhere, 'Coloured' referred to people of mixed slave descent mainly residing in the Western Cape. Residential areas were segregated based on this classification. In Cape Town, the so-called Cape Flats were designated 'Coloured' while Khayelitsha and Langa were classified as 'Black' areas.

14 The danger of identifying such markers, however, is that the lottery research industry simply includes such variables in their existing tests (see Etheredge et al. 2012). This not only poses methodological problems for the phrasing of questionnaires to gauge perceived cultural vulnerabilities, but also implies intractable epistemological difficulties as the subject-centred discourses of economics and psychology struggle to deal with the awkward scales of 'culture'.

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11 ‘One-ma o e-ma ’

How slot machines facilitate Papua New Guineans’ shifting elations to each other

Anthony Pickles

Before colonisation, plantations and indentured labour, Papua New Guineans did not gamble. When in 1907 indigenous peoples were found to have begun adopting the practice, it was made illegal (Australia Commonwealth 1907). Colonial authorities applied paternalistic arguments against the capabilities of ‘primitives’ to exercise self-control in the face of this exogenous vice (see Murray 1925). From that time, through independence in 1975 and until the present, most forms of gambling have remained outside the law.[1] In 2009–2010, when I conducted 15 months of ethnographic fieldwork in Goroka (a Highlands market town), it was Papua New Guinea’s self-confessed gambling capital: 73 per cent of people over the age of 16 gambled, mostly illegally, at cards.[2] Since their introduction, card games have remained the most pervasive and the paradigmatic form of gambling. Card gambling swept through the country with the money economy, became indigenised, morphed and transformed, turning into a daily activity for many. In this chapter I focus on slot machines, which have been operating since a private member’s bill called the Gaming Machine Act passed through the National Parliament in 1993. This piece of legislation brought Papua New Guinea’s first authority on gambling – the National Gaming Control Board – into being, and allowed them to grant a maximum of four operator’s licences (each initially giving up 50 per cent of their revenue in tax), and any number of permits to keep and run gaming machines (though these permits were subject to provincial censure). Following Australian nomenclature, slots became known locally as ‘pokies’. During my fieldwork there were five ‘pokie joints’ (a handy Australian gloss for the Tok Pisin *pokie ples*) dotted around the centre of Goroka, and pokies were distinguished by Gorokans against the backdrop of ever-present card gambling in interesting ways.

Two card games dominated the landscape of Goroka during my fieldwork, both of which had their own genealogy of indigenous transformation (see Pickles 2012). All card games were, and are, perceived as involving interpersonal agencies which are bound up within rules that create as even a field as possible between all the agencies that are trying to win (see also A. Strathern 1984: 102–103; Zimmer 1986), and are usually played for modest stakes. Everyday card games did not have a ‘house’; the dealer rotated and no party had a statistical ‘edge’. There were no card games involving any element of bluffing.[3] Instead they revolved around controlling or anticipating the flow of cards between players, taking forms analogous to rummy or 'stops' games, in which the aim is to get rid of all your cards by constructing sequences or matches with other cards. Most importantly, cards were understood as vehicles for configuration, as a set of symbols with internal relations that were ready to come into winning combinations if the cards 'liked' the player. In order to configure cards, players themselves had to be configured, their 'brains had to be right'. To do so meant securing harmonious relations with fellow competitors, as well as with one's relations outside of the game. In turn this required gifting, both to players who had lost to you, and to outsiders, because others' negative thoughts could enter into one's own brain. To be afflicted with others' deleterious thoughts caused ashen, ugly skin and dirty blood; cards would detect this and refuse to configure themselves properly (see Pickles 2012; cf O'Hanlon 1989). Card gambling, in short, required a mastery of social responsibility beyond what might otherwise be described as the game, so that one could give while taking away. While this in itself contradicts some theories of gambling as condensed or separated versions of reality (e.g. Goffman 1969; Caillois 1958) because card games in Goroka are vehicles for addressing social concerns rather than bracketing them off, but here I wish to explore an indigenously made contrast between how one plays with cards and with pokies. The preceding description of card gambling should act as a background or baseline understanding, from which I will argue that the technology of Australian-made pokie machines, and the bet sizes they support, made them amenable to a different local interpretation – and thus playing style – to how they were designed to entice and hook customers.

Playing together, playing alone

Spurred on by the tax revenue that neighbouring Australia derived from machine gaming, the Papua New Guinea government chose to tap into the known demand for gambling. Instead of legislating a maximum bet size for pokies, as was the case in various states in Australia (so as to prevent players from overspending), Papua New Guinea instead decided on a high minimum bet, which at the time of fieldwork stood at 50 kina (roughly £15 at the time), creating a deliberate price barrier that has been somewhat (though not wholly) effective in excluding the poverty-stricken.[4] On a busy day in 2010 the largest joint in Goroka banked 16,000–17,000 kina in revenue. Nor was Goroka alone; in Papua New Guinea altogether there were 130 pokie sites and almost 2,000 machines in total (National Gaming Control Board, personal communication). Nationally, gross annual revenue generated by pokies was 250 million kina (£70 million) and is currently rising. Much of this revenue comes from a new class of wealthy Papua New Guineans who control business interests, government funding and, in Goroka, coffee production (Gewertz and Errington 1999; Martin 2010).

All five pokie joints in Goroka were close to government buildings, banks, shops, nightclubs and the airstrip – places where money was said to 'flow'. With an estimated average of 20 machines in each joint, around 100 pokie machines serviced an official population of 26,311 (Papua New Guinea National Statistics

Figure 11.1 The Bird of Paradise pokies lounge at opening time.

Office 2002). When slot machines arrived in 1994, they had to contend with an already thriving post-independence gambling scene based on illegal cards and dart games, but because they were illegal these competing forms of gambling were kept hidden away from the police’s sight. Pokies brought gambling firmly into the town centre;[5] they became a fixture of nighttime entertainment among those who had for whatever reason just acquired money, and for perennially wealthy patrons; barred doors kept poverty-stricken young men, and particularly ones who were overly drunk, outside.

Pokie machines are imported from Australia, the country with the highest per capita gambling rate on earth (*The Economist* 2011), and Papua New Guinea’s neighbour and former colonial master. The Australian slots market is known as a particularly ‘sophisticated’ one by global industry experts (Schüll 2012: 123). By this it is meant that a high proportion of the population play, and most importantly repeat play, intimating that people are discerning about their pokies (see Livingston 2001; Livingston and Woolley 2007). Repeat players in Australia are usually low rollers, and the industry has geared itself towards these patrons’ desire for more time gambling with lower losses on individual spins. Schüll describes how Australia pioneered the development of video slot machines based upon the ‘multiplier’ formula, which was already a fixture of some mechanical slot machines, and in which players may apportion their bets upon multiple lines through the symbols on the reels (2012: 120). Betting on multiple lines increases the chances of winning on any given spin, though the amount one wins is usually less than one bets. The machines slowly ‘bleed’ players, providing them with more time-on-device (an industry term often abbreviated to TOD), while reinforcing their habit by giving players small rewards as they lose. Using video technology and the ‘virtual reels’ that screens could display, in the late 1980s and early 1990s Australian game designers experimented with increasing the number of lines that players could bet upon. Schüll reveals how this intensified reinforcement and increased the apparent decision-making capacities for players, even as it smoothed out the loss rate (2012). At the time Papua New Guinea brought in its own legislation allowing slot machines to operate, the most sophisticated Australian pokie machines permitted betting on five lines. At the time of this writing two of the major manufacturers for the Australian market, Aristocrat and Konami, were marketing 50- and 100-line games (*Aristocrat* 2012; *Konami* 2012). However, this trend

Figure 11.2 A State of Origin pokie screen.

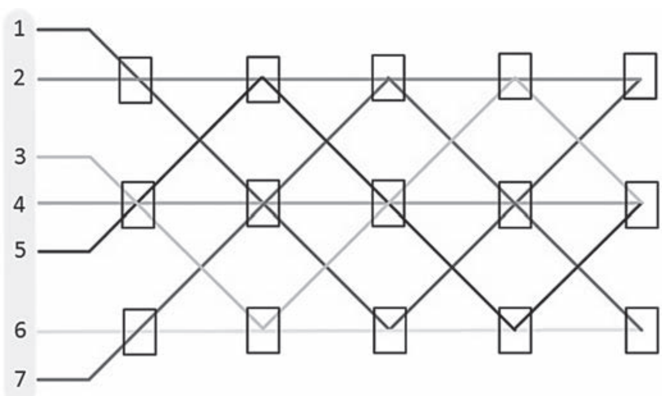

Figure 11.3 The lines through virtual reels in State of Origin.

did not spill over to Papua New Guinea; seven lines was still the standard in Goroka in 2009–2010. The most popular machines at the time were the seven-lined State of Origin machines (copyrighted by Olympic Video Gaming in 1994); they represented about 80 per cent of the pokies in Goroka.

In Australia, 'multiplier' technology allows low-stakes bettors to gain greater time-on-device, because having more lines smooths out wins and losses. Effectively, the number of outcomes generated with each virtual spin is higher, and therefore resembles the percentage that the machine will take in the long term more apparent to players. In Papua New Guinea the stakes are deliberately high at the point of purchase, and this, I contend, has translated into a different kind of logic, where the 'real gamblers' are the ones who bet big and blow through their money quickly, as opposed to the dominant Australian model of savvy: low-stakes gamblers attempting to prolong their excitement. Local approximations of this savvy gambler are usually derided in Goroka by 'real gamblers'. Gorokans' valorisation of loss is, I argue in due course, down to the perception Highlands peoples have of leaders as men who explore every option and evaluate all pathways through brinkmanship. And it is the nonchalance to larger wins or losses that distinguishes Goroka's 'real gamblers'. Nevertheless, I begin with the most illuminating comparison Gorokans make, between slot machines and cards. I intend to argue that Australian pokie machines (designed to present players with the possibility of frequent reinforcement and slow losses) fit into the lives of Gorokans as enablers for a different kind of social purpose, one dominated instead by local card games. Pokies' price, the type of singular engagement that machines require of players, and the machine-controlled mediation of human action that betting decisions on slot machines are thought to involve together encourage a radical break in slot machine-playing Gorokans' conception of what gambling is about.

Opening with the most self-evident difference, pokies' television screens display symbols that spin and stop each turn on five virtual reels. For a player to win, the symbols must align in certain combinations; therefore a player's attention must focus intensely on the screen. Card games, on the other hand, involve a number of competitors and focus points, including the hidden propensities of other players' hands as well as those players' intentions. The hidden capacities and intentions in card games are therefore crucially tied to people who, as I mentioned, are bound to other players through ties of gifting and interpenetrating thoughts. Schüll argues that some Las Vegas gamblers prefer slots to card games because in card games the thoughts of others are inviolate (2012: 197), while machine gamblers in Goroka turn to slots precisely because in card games the thoughts of others are entwined with their own. Both describe their enjoyment of becoming lost inside the game, but for Gorokans this is not a reaction to the enforced sociality of service sector work in a 'developed' economy, or anonymity and loneliness; they describe it in a way that suggests that for them machine gambling offers an escape from an intrusive relationality itself.

Reinforcing this contrast, in Gorokan card games money is visible in a central pot and comes from a range of parties; pokie machines' operating credit emanates from one player alone, and the total that the machine has absorbed is neither known by the player, nor is it important to gameplay. Compounding this, pokie machines do not take money directly; this is given to an operator in a separate booth, and then the player chooses a machine that is parked against a wall. Fifty kina buys 1,000 credits, enough for an indefinite number of individual bets, but once a player dips below 1,000 credits, they may not take their money out of the machine. In other words money is hidden; it appears already consumed, and its capacity to force gifting within the game when made visible (see Pickles 2013) is mitigated by the fact that it is absorbed singularly in a machine. Unlike card games, then, a player is faced not with groups of competitors and piles of money, but with only a silent machine and a numerical display of their score, winnings and bet sizes, cutting out direct competition with people and direct use of money, a fact which Gorokans are at pains to stress, but which I insist does not fit within a simplistic 'social acid' narrative, according to which social games like cards can be opposed to antisocial games played on machines (see also Cassidy 2012).

The preceding differences contribute to a Gorokan characterisation of pokies as a game of singular attention. People would tell me how they either liked pokies because you play *wan-man wan-man* (lit. 'one-man one-man'; i.e. separated from other gamblers and making one's own decisions), or they did not like the *wan wan* (lit. 'one one', same meaning) orientation of the game. Acting alone is typically associated with *ol waitman* (white people), and contrasts with acting *wan-taim* (literally 'one-time', with others), which is thought to be stereotypically Papua New Guinean. Acting on one's own is to act without assuming that one's actions are based upon relations with others, and doing so is therefore sometimes seen as a critique of traditional Papua New Guinean sensibilities (Reed 2003; Robbins 2004; M. Strathern 1988).[6] The point I make is not that the relation-prioritising peoples of Papua New Guinea abandon this perspective at slot machines, but that slot machines seem to prioritise a single relation and reorder other relations by backgrounding them, which is perceived in constraining or enabling terms by Gorokans. The consequences translate as a feeling of freedom or reckless abandon, but where relations are known to foreground themselves when they leave the machines. From this point in the chapter therefore, I ask: in a part of the world where relations between people are usually heavily foregrounded (M. Strathern 1988; Wagner 1974), who might be particularly interested in transacting alone against a machine?

Pokies are expensive. As such the singular nature of machines plays into the hands of 'big men', that is, wealthy local leaders whose status is derived (primarily) meritocratically: from skill at manipulating gift exchanges, administering violence and mastering traditional styles of oratory (Read 1959; A. Strathern 1969; Lederman 1990). Slot machines appear to absorb the attention of big-men and allow them to act nonchalantly towards money. While winnings and losses play out on-screen, the action occurs between big men and 'followers' and big men and big-men as they face their respective machines. As I detail below, pokie joints are places where big men, win or lose, spend large amounts of money on their fellows, displaying their qualities as leaders and augmenting future support. In other words, the pretence of singular focus afforded money-laden leaders the opportunity to distribute wealth in a flamboyantly nonchalant fashion. At the same time as big-men's eyes remained fixed to their screens, they still played to an audience reflected through the gossip of 'lesser men' and would often change location if they thought there were not enough fellow big men around to observe their exploits. Pokie machines allow this to happen, and so their internal logic, while superficially singularising, is crucial to the transactions between people. As I will exemplify shortly, it is big men, characterised as 'real gamblers', who are not fully absorbed in gameplay, or rather are capable of encompassing and using the singular attention that pokies invoke as a foil for gifting and political manoeuvring

I coordinate my account through the voices of two Gorokans who knew more than most about pokies. One is my adopted father, Tom Liam,[7] a prominent local leader and a personality associated with pokies, who guided me through the pokie scene. Another is a thoughtful young man who worked as a cashier (known as an 'operator') for one of the pokie joints, called Sax.

Tom Liam and Sax at the pokies

Tom Liam was born in Goroka, rising to prominence on the back of large coffee holdings in his ancestral village, which he used to fund various business ventures – some successful, some less so. He is known as a leader, a hard and when necessary violent man, as well as a skilled orator and deal maker. On one of many nights we spent together at pokies, Tom Liam made his way beyond the partition that separated the bar from pokies, scanned the room and found a machine he fancied. He handed one of his 50 kina notes to a follower, who sauntered over to a booth in the far corner of the room. Inside, a young man called Sax was hunched over his computer. The follower slid the 50 kina through a letter box-sized hole in the Plexiglas, and said '12', the machine that Tom had chosen. Behind the translucent wall, the operator, Sax, placed the 50 kina in his till and glanced at his screen, clicked an icon, then punched '50' and 'Enter' into the keypad. One thousand credits immediately appeared on screen over at Tom's machine; the series of buttons below the cathode ray tube video monitor began flashing; and he wasted no time making his first bet. Tom Liam was expected to bet high, and he tapped the buttons that committed him to the largest bet in credits: 70 (K3.50), giving him a chance of winning the maximum on a single spin: 10,000 kina. The five reels appeared to spin irregularly downward, slowing to a halt from left to right, aping mechanical slot machines that Tom had never seen.

After several spins (his bets yielding no returns) Tom switched to staking 50 credits. A number of lines immediately generated returns, doubling his score. Tom took a gnarled toothpick from the corner of his mouth and jammed it between the button and its border, forcing the machine to play on automatically. He stood four feet back, folded his arms and looked on without expression.

Tom Liam, playing 70/50 credits with a toothpick, was considered a 'real gambler'; two machines apart was a man playing three credits, and he was thought to *pilai laki* (lit. 'play luck'). 'Luck' in Goroka meant good fortune without implying any cause; one may find 'luck', and the causes of good fortune were usually attributed to one's 'brain being right', which I remind the reader was achieved by having harmonious relations with others (see also Mosko 2012). People who 'play luck' hoped that the little money they brought would be enough to see them make a win. Stereotypically these players attend pokies only during daytime; with less money to lose they play slowly and timidly, betting small amounts on many lines often, all the time trying to ‘mastermind’ the game. Their limbs are said to shake from nerves, but their defining characteristic is that they play alone without help, often deliberately in secret. This was borne out by my records: on average nine machines would be playing during the day, with only 11 people present, so there were very few people accompanying those playing. They had a set budget as a result of their solitary play and were characterised as ‘working-class’[8] people who came in during their lunch break, played for an hour and sometimes returned after work. Their solitary play and shaky nerves compare to gamblers elsewhere (Schüll 2012), but most *pilai laki* players lacked the kind of credit-based banking that meant they could juggle money between accounts and extend their budget. For *pilai laki* players to get hold of more money would require known people to lend it to them, and those people lacked the weight to gain loans from others inside the pokie joint. This distinguishes them from big-men, and from those big-men who were ‘real gamblers’.

‘Real gamblers’ like Tom Liam were said to play at any time they wanted; they were businessmen and thus not tied to working hours. Usually this meant they came at night and particularly on the weekends and were accompanied by ‘followers’. The average number of people in the pokies area during a night while I was present was 39 while the number of machines playing was 13, and many more were big men than during the day.

The ‘real gamblers’ bet differently to *pilai laki* pokie players, for instance, ostentatiously putting 150 kina on a machine at one time just to save trips to the operator for them or their followers. They played more than one machine simultaneously: Tom started playing the machine between him and the working-class man, and was tapping rhythmically on its buttons, having left the toothpick to play for him on the first machine. I once saw four machines played at once in this way. Followers said ‘real gamblers’ play fast (i.e. run through their money quickly by betting big) because they have more money, and are assured that, lose or not, money will still come to them through their networks and their businesses. They only rarely resorted to the cautious tactics of working people. Both types of player wanted to win, but many believed that big men gamblers don’t particularly care if they lose, an image the big men were careful to propagate. In contrast to their working counterparts, these players usually acted insulted at the suggestion that they had a budget, which is to say an absolute limit. ‘Luck’ (*laki*) is ideally an irrelevance to the ‘real gambler’ because he believes he has enough money to wait out the next win. Some thought that these businessmen’s skins were covered with money (*mani pulap lo skin blo em*, lit. ‘money full on their skin’) so they play without concern, just to relax. Big-men in particular say they feel relaxed playing pokies precisely because they play *wan wan*, against a machine that has no connection to the obligations that lead their actions outside of the pokie joint. As successful members of their kin groups, these leaders are constantly confronted with requests and demands when dealing with people, while the machine is disinterested and acts without any pre-existent relationship to the player. As I shall explain through a discussion of Gorokan perspectives on tactics and the nature of pokie machines' disinterest, 'real gamblers' are only ideologically switched off from others' activities, not like the *pilai laki* players; in reality the machines allow players to focus on others' transactions by occupying the role of opposition or outsider. They become a foil for politicised gifting and for a relationally unrelated actor.

Gorokan gamblers thought that, by coming to understand the 'pattern' between symbols on the screen, over time they get closer to *mastamindim* ('masterminding') the machines, taking control over the machines' will-less agency. Choosing paths connecting symbols was important because during a spin with bets on multiple paths, the player may have won credits on one (or more) paths but lost credits on all the other routes. Players often lost more than they won on a given spin, and this made some ponder whether they should have bet lower on that spin or on fewer lines. Players adjusted their strategy to avoid wastefulness, just like Tom, who switched from 10 credits on all seven lines (70 credits) to 10 on five lines (50 credits). All the choices the machines present give players the appearance of effective decision making, so many thought that they could outwit the machine.

Outwitting pokie machines meant correctly judging fortuitous or forbidding signs amid the symbols, noticing combinations that had appeared before. More idiosyncratic knowledge of these patterns made up a player's individual *aidia* ('ideas'). This information was kept secret from other players in order to secure wins for oneself and prevent the machine from adjusting to one's style of play. Such ways of playing were sometimes thought to be intrinsically unique to individual players and would not have had an impact on another's likelihood of winning because people's *aidia* are inseparable from their own thoughts. Here are a few examples applying to State of Origin machines:

- If three or four 'J' symbols come up then it means that goalpost symbols will soon come in force and lead to a bonus round.
- If you make bets of 35 credits, this will induce goalposts to come.
- If the shoe or whistle symbols are spread around and on their own then it means that many people have been playing the machine and therefore the machine has adjusted itself and will not pay out, but if the symbols come along in clusters of two such symbols then it will pay.
- If you see a shoe and a 'J' on the same screen, it is a good sign and you should bet heavy to try to win big
- If you see two or more A's then you should bet low as you will not win.

These examples demonstrate people's intellectualist approach to pokies, as things that can be learnt but are ambiguous enough to allow people to theorise upon them.

Pokies' knowability stems from an understanding that the machines do not have their own wills, unlike competitors in a game of cards; instead they are thought to be 'controlled in Port Moresby' (the capital city of Papua New Guinea). Sax, the operator, had a nuanced take on this:

> Port Moresby tells the machines whether to give out or to take money. I am able to know which machines give and which take on any day by looking at the graph on my computer, if the bar is down then it has paid out. One bar represents one machine. It is the government who decide whether the machines pay out or not, and underneath them Monian [the company who own the machines and administer them for this proprietor] who controls the actual machines in Moresby. It is a computer programme which does it but it is a man who controls the computer programme.

Sax, like others, thought that because the man who controls the computer programme is not physically present, he is therefore unable to foresee who will be the beneficiary of his decision to authorise a win. In anthropological terminology, while his decision is made unilaterally, the mediated form that his agency is transmitted through transforms the authorship of the decision and opens it to the agency of any given player's ability to be there at the right time and place, which the player achieves by reading the machines. This form of relationship is therefore different to the multidimensional transformative interactions between card gamblers playing together (see also Pickles 2012; Strathern 1988). Government and company direct the machines via a human who controls the programme running on the machines, but who is somewhere beyond the influence of Gorokans, in the capital city, listening only to the directions of these two bodies. Sax continued:

> Sometimes if they [the government and Monian] say to pay out then we actually run out of money. Other places with pokies are the same, they are all the same, and there isn't one place which gives more wins than others. If there are many customers then Moresby will know and the machines will take plenty and not give. This is delayed though as Moresby only knows later by the report of profits that is faxed them each day of the previous day.

The government and the company gather information through the transactions people make with the machines, and they try to balance the transactions. As Gorokans see it, Moresby sets the time and place for wins and losses, but not the person who will be playing at that moment, and decisions made on-screen can outwit a machine's 'programme'. Pokies' immunity from mental influence and their connection with Port Moresby make them highly attractive as images of urbanity, wealth and political skill. One part of the attraction is the national scale of the gambling: players can imagine themselves as equivalent to high-flyers in the capital, and with equal opportunities for success. More importantly, people see that pokie machines cannot be influenced with respect to an individual player; people are free to discern the pattern that a machine displays during gameplay without assuming that it is attempting to trick you personally. The inability of a machine to be maliciously set against you by persons known to you is of great significance to Gorokans. Because pokies are 'controlled in Moresby', and because they run on a programme that is separate from individual players, leaders – who consider themselves particularly subject to jealousy – especially favour them above other games. Despite the common knowledge that pokies are stacked against players, the system is still thought fairer than dealing with people directly during card games. Sax continued on the subject of control:

> They can make any individual machine pay out. They have a programme to say 'this time, this day', then *raitman* [lit. 'the right man', which connotes a fortunate or liked person] comes and plays at that time, and they will win K10,000, so he was a lucky man [in the well-aligned sense explored above; see Mosko 2012].

Pokies thus appear as a disinterested form of relation between Port Moresby and the machines, who together equalise the likelihood of people winning. Port Moresby does not care who the winner (or loser) is, only that there is a correct proportion of wins to losses. Without having to take the thoughts of the machines into account, players were free to determine their own likelihood of success, judging when they should go and play, for example. Deciding when to come to pokies also came under one's *aidia* ('ideas'), and depended on a wide array of factors from recent wins and losses at certain joints, machines and times, to whether one was in the correct frame of mind and financial position to play.

Sax was talking from a *pilai laki* perspective, but the tactic of 'real gamblers' often went further; they encompassed the machine-based strategies and took other persons' agency and patterns into consideration, in a manner reminiscent of card players. Tom, for instance, said that if you play heavy like other big-men, with bets of 60 or 70 credits all of the time, the machine will not pay out as it just acts as if it is normal, taking the money from these leaders as it does all the time. Instead he changes his betting pattern so that it is enticed to give to you. Tom used his sensitivity to others as a framework for understanding how a machine might work. He seamlessly added that he does this kind of thing on all other occasions as well; that this 'style' of his is in his blood; he was born a leader,[9] and he cannot change it. Tom said that if you are a *man blo givim* (lit. 'man belonging to giving', a generous man), then you will just give. He explained that if he has money, all the people will know and it will *flo raun* ('flow around'). Tom melds his understanding of people, and how to transact with them, with those of the machines. Despite their insistence that they relax in front of machines and do not worry about others, Tom's reflections suggest that big-men also focus on the social context of pokies. Big men may not be gambling in the same mode as in card games, but they retain an interest in the other people at the pokie joint as potential transactors.

Conclusion

In this chapter I described and explained a divide between Gorokan notions of how cards and pokies operate. The partition was framed as a partial critique of relational sensibilities on behalf of pokie players, something which was not present during games of cards. This begged the question: who does this and why? I answered that the clientele are primarily wealthy 'big-men' who gain their status through both transactions and a kind of social and relational abstraction. Leaders used their abstraction from direct social relations in pokie playing to create and maintain relations, thus appearing generous while escaping heavy relational demands which they described in terms of jealousy. *Pilai laki* players did not do this because they lacked the money or the necessary skills, so they achieved the escape but not the status. I fleshed out this distinction by describing local understandings of how agency is supposed to be manifested during pokie play. The way the machines worked allowed players to perceive themselves as acting on their own, based on the fact that the agency controlling the machines is disinterested and not jealous, denying any competition between surrounding players. As players' pockets were drained, the wealthy were able to underline a distinction between themselves and *pilai laki* players because their generosity flowed forth whether they won or not.

The singular nature of pokie gameplay precluded the expressions of amity and antagonism within the game that were part of the normal purview of card gambling. Instead pokies highlighted inequalities between those who can afford to interact with the machines and those who cannot. Because pokie machines were supposedly fairer to individual players, wins or losses did not carry jealousy or enmity. This allowed competing big-men to focus on each other, and gift beer and money between themselves and between them and 'followers'. As I heard often, big-men would say, 'Before we fought; now at pokies we drink beer.' Therefore, Gorokan dispositions and their manifestation in forms of gambling that pre-existed slot machines has led to a particular understanding and pattern of spending that lends credence to the growth of a new elite.

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Notes

1 There was a gambling ordinance in 1907, gaming acts or regulations in 1979, 1993 and 2007 and amendments to the 1993 act in every year from 1995 to 2003 except 1997. The Gaming Act of 1959 outlawed 23 games that were popular among, for instance, Chinese immigrants (such as 'fan-tan' and 'pak-a-pu'), colonial officers (for instance 'Yankee-grab' and 'tray-bit-peter') and indigenous peoples (including 'laki'

and 'satu'). All card games were illegal, as were any games with a house or a bank. Racecourse and other sports betting was declared legal, as were state-sanctioned lotteries for national or provincial fund-raising. The act explicitly outlaws some games that are now lost to history, such as the intriguing 'mina-dina' and 'kuk'. Offenders could expect a fine of up to 100 kina (the state currency; the British pound was worth approximately 3.7 Papua New Guinea kina in 2010) and up to three months in prison (for more details see http://www.paclii.org/pg/legis/consol_act/ga195966/).

2 This statistic comes from a survey I conducted of Gorokan households in 2010 (see Pickles 2012). Given gambling's morally and legally ambiguous status, the figures are likely to be underestimates.

3 In fact, when I demonstrated bluffing in poker, it ended in confusion or outright dismissal of this form of game as a potential source of danger and suspicion.

4 However, income often arrives in large packages at irregular intervals (often through the sale of coffee), which means that people who are otherwise poor may play pokies when they are temporarily solvent.

5 There was also a bookie in town during my fieldwork. Patrons suggested that this had opened sometime more recently. At one time there had been a horse racecourse outside Goroka's town boundary, though it had fallen into disrepair after independence in 1975.

6 See Reith (1999) for an analogously wide-reaching description of the emergence of new priorities for gamblers and new forms of gambling in 'Western culture' from the Middle Ages until the present.

7 Tom Liam is a pseudonym, as are all names in the essay.

8 Note that working-class is usually a descriptor of high praise, and these people who have employment are considered to be on a higher level than the unemployed majority.

9 Here Tom Liam is referring to his heredity; his father was a big-man before him.

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Part IV

Between investment and gambling

12 Weather trading in London

Distinguishing finance from gambling

Samuel Randalls

In the 2005 film *Enron: The Smartest Guys in the Room*, weather derivatives trading is introduced as an innovation that had people wondering whether it was ‘good science or science fiction’. Enron had become famous as an organisation that promoted innovative financial products. The company’s tagline to become ‘the world’s leading company’ rather than just an energy company highlighted its primary ambition to create new markets in a wide variety of products and sell financial services to clients. As Clover (2003: 30) puts it: ‘Suddenly the business was running on a platform of intellectual capital’ rather than things like gas pipelines and power stations. Financial products emerged in broadband, energy services, bankruptcy risk and weather.

Jeff Skilling, Enron’s chief operating officer and later chief economic officer, is asked in a conversation shown in the film whether the traders get punished for getting the weather forecast wrong. He responds by grinning and asking a trader whether they have ‘whip marks on their back’. The trader responds that they’d been ‘fortunate with some good calls’. The aura of incredulity about trading weather as a financial product is one that has challenged the emergence of a weather market in the United States (US) and internationally. Regulators, corporate boards, financial intermediaries and many others have pondered whether this is simply a new form of gambling. Indeed, the use of words like ‘fortunate’ and ‘science fiction’ to describe weather trading in this short passage in the film illustrate the concern that this may be a disguised form of gambling. These discussions open up the historically carefully articulated boundary between investment and gambling.

In this chapter, I explore the development of the weather derivatives market, with a particular focus on London, to illustrate the ways in which finance is discursively separated from gambling to enable weather derivatives to emerge as an acceptable financial product with a *bona fide* commercial rationale. The chapter highlights the labour involved in establishing a new risk product as being central to rational financial management, including the effort put into disassociating the innovation from conceptions of chance and gambling. Empirically, the chapter illustrates the ways in which weather derivatives become normalised, in particular places in particular ways, as part of prudent corporate activity. Weather derivatives become legitimate investment rather than gambling through three discourses: first, through the use of corporate advertising that presents weather risk as manageable financial risk; second, through networks of financial intermediaries including banks and credit rating agencies that establish a new product as essential to stable financial performance; and third, through the legal rationalisation of weather derivatives as contracts with a prudent commercial basis. The chapter emphasises that the demarcation of investment from gambling is consciously monitored and maintained to retain the acceptability of careful speculation in financial markets.

This chapter is based on in-depth qualitative interviews with 26 weather market participants from financial traders through to meteorologists working in banks, insurance companies, brokerages and energy companies in the United Kingdom (UK) and US between 2002 and 2006 (with updates in subsequent years). Significant collation of secondary sources (including newspapers, legal documents and conference proceedings) and personal observations at industry conferences also form part of the research materials. Before proceeding to the empirical material that emerged through this research, it is valuable to set out the academic debates about new financial products as they emerge and become established.

Establishing new financial products

As de Goede (2005) has illustrated, distinctions between terms like gambling, finance and speculation are fluid and unstable. The invention of new financial products challenges these demarcations (see Loussouarn, Chapter 15 in this volume, about the case of spread betting). Formal and informal regulatory practices, laws, and culture are recoded as new products are seen as and become legitimate (or not), fair (or not), transparent (or not) and encouraging prudent behaviour (or not). These debates have been pertinent historically, and it is valuable to review the past arguments used to legitimate or condemn new products to draw out some central features that explain the policing of the investment-gambling distinction in the present.

Life insurance is an instructive example of how changes in law and culture are necessary to enable businesses offering these policies to prosper. Placing a wager on one's life was both a fashionable practice and frequently deemed an immoral activity in England in the eighteenth century (Clark 1999). Arguments that it was prudent, public-spirited and equitable to insure one's life were displaced by concerns, initially about criminality, but also by the 1770s a much greater public moral condemnation of life insurance trading in general (Clark 1999; de Goede 2005). Indeed the Gambling Act of 1774 emerges precisely to restrict life insurance to cases where there is a direct insurable interest, marking a regulatory space between legitimate and illegitimate gambling. An insurable interest meant that the purchaser of a contract must have a personal benefit from the insured object and thus would experience personal cost in the event of its loss or damage. Likewise hail insurance policies, which first emerged in Britain in 1842 (Stead 2004), were specified by type of crop and field size such that a clear, nonexchangeable insurable interest could be identified. With fire insurance, which was available for farmers from the early eighteenth century onwards (Stead 2004), not only must there be an insurable interest, but policyholders were exhorted to be careful and responsible, for example, in their domestic or industrial heating arrangements (Abbot Jr 1910). Insurance is therefore formally legitimated as a permissible activity with the existence of an insurable interest and the prudent care and moral duty of the policyholder.

Likewise, divisions were made between different forms of speculation. Derivatives products received particular notoriety in the tulip mania and crash in the Netherlands in the 1630s. For commentators, the bubble had created an immoral association of reward without effort that had inspired a focus on hope and hype rather than careful expectations (Chancellor 2000). Financial speculation operated in an ambiguous space, with law courts and publics frequently conflicted about whether this was gambling or not (de Goede 2005). In the nineteenth and early twentieth centuries, speculation in commodity markets in the US was justified on the basis of four arguments: first, that it enabled trading flows in markets that brought prosperity to the country; second, that speculation merely derived from the natural desire in humans to trade; third, that speculation was morally distinct from gambling because it was not wholly based on chance; and finally, that speculators were careful while gamblers were rather more reckless (de Goede 2005). These distinctions are important because they suggest both calculative rational considerations *and* affective considerations in determining the acceptability of speculative activities. Speculators were to be sensible and prudent, and needed to maintain this image in spite of cycles of hype and contraction if they were to be considered morally astute.

The acceptability of particular financial products is always geographically and temporally contingent: the spaces they are traded in, the ways they are traded and the attitude of the traders are questioned. For example, responses to rain gambling in late nineteenth century India reflected a question of the legitimacy of particular kinds of financial products in particular spaces. Legislatively, rain gambling was outlawed in public spaces but allowed to continue in private spaces (Birla 2009). Government acceptance is recoded in terms of public and private activity. Likewise for individuals engaged in financial trading in the Anglo American world, the question of acceptability may be reformulated as one of self-discipline: in a common discourse, those who manage risks 'responsibly' are differentiated from those who are 'irresponsible' (Langley 2009). But 'responsibility' might mean something different in Germany (traditionally associated as being more risk-averse) than in the UK (where financial speculation has been normalised). Innovations challenge pre-existing lines of demarcation and the legitimacy and acceptability of financial practices are continually reworked.

The acceptance of new financial products also depends on establishing the value and importance of adoption over nonadoption. As noted earlier, some advocates of life insurance argued that it was one's duty to protect one's family. This much stronger argument suggests that it is the absence of an activity or product that is inappropriate or, worse, immoral. In contemporary financial terms this can be illustrated in the way that credit rating agencies and banks would take a very dim view of an energy company failing to manage the gas price risk or an international corporation overlooking foreign exchange transaction costs. To quote de Goede (2004: 199), ‘The successful marketing of risk management products requires cultural parameters that see it as morally and economically compulsory to be insured against the risk in question.’ Financial products are marketed as being necessary for the conduct of good business and thereby *become* legitimate (and potentially mark the nonadoption of these products as illegitimate). This process can be observed in contemporary arguments which suggest that responsible citizens should establish private pension schemes rather than depend upon familial or government support networks. Likewise, national lotteries create a social incentive to bet, both as a chance to escape poverty and as a form of charitable activity to replace the withdrawal of state funding from the arts and social welfare (Neary and Taylor 2006). The moral landscapes of risk are reshaped and legitimate some arguments and products over others.

While some risks require management, others are productive (Zaloom 2004). Enron liked risk, precisely because it was profitable (*Enron: The Smartest Guys in the Room*). Risk management, therefore, is not just the reduction of the costs of the occurrence of specific events (a form of actuarial knowledge), but equally an opportunity for speculation if sensitively managed (Zaloom 2004). This often depends on complex calculative apparatuses and models that predict possible consequences of trading strategies. In this sense the calculation of risks becomes central to the age of chance (Reith 1999), but as Reith points out, gambling and speculation are also about affective qualities such as play and enjoyment. Even within technologically driven financial trading, individuals build relationships with other traders, have fun and feel violated, internalising a day’s trading within their embodied experiences (Knorr Cetina and Bruegger 2002). Weather traders knew each other well and would regularly drink with each other, exchange gossip and attend each other’s weddings. This affords a liveliness to financial trading that goes beyond rational economic management. Risk is not just about numbers, but about moral relationships and arguments: the acceptability of behaviour to other traders, the developing of interpersonal relationships with trustworthy people who may be willing to take a loss to help out, the persuasion of others that their interests can be realised through a particular deal and so on. Establishing new financial products and maintaining older ones requires significant interpersonal connections and social ties. The demarcation of acceptable risk is mediated through these social networks.

Weather derivatives

Before exploring the ways in which traders worked hard to make weather derivatives a morally acceptable and necessary product, it is useful to present a quick overview of the topic. Weather derivatives emerged in the US energy sector in the mid-1990s when Enron and other companies (Aquila and Koch Industries) invented new financial products to manage the nonextreme weather risks that affected their businesses, in particular the volume of gas being sold. The nascent market soon expanded into Europe and Japan, with the first UK deal occurring in 1998 between Enron and Scottish Hydropower. The listing of weather derivatives on the Chicago Mercantile Exchange in 1999 established a stable trading platform, yet it took several years to realise growth. This can be explained at least partly by Enron's bankruptcy, the relatively low liquidity in the market and the arrival of few new end-users. In 2004, the weather derivatives market was worth a notional \$4.6 billion, though this rose rapidly to \$45.2 billion by 2006 as a result of hedge fund activity and growing market optimism, before sinking back to \$30 billion in 2008 (Randalls 2010).

Derivatives are contracts based upon the value of the changes in performance of indexes, commodities or underlying instruments. In the case of weather derivatives the underlying commodity is a weather index, based on temperature or precipitation or more bespoke products like wind, snowfall and ice. Like other index-based derivatives developed since the 1970s there is no 'physical underlying', which means that trades have to be cash settled (one cannot physically give someone a sunny day). Meteorological data are generally received from national meteorological agencies and converted into standardised indices for trading in the weather derivatives market. In their simplest form, weather derivatives are contracts that a company will buy to mitigate the cost of the weather on their business. Weather derivatives were originally designed to hedge volume risks in the energy sector. For an energy company, a warmer-than-average winter costs money in terms of lost revenues as gas sales decline. A weather derivative would be purchased to compensate the company in the event of the warmer-than-average winter and thus smooth profit and loss accounts from year to year, which has some significant advantages in terms of business planning. In many cases a bank might be the counterparty on this contract, but it is also plausible that a company that economically benefits from warm winters could be the counterparty (in what is referred to as a 'swaps' deal). The most prominent example was the Dutch construction company that had a contract that would pay out if there were too many cold days in the winter when they were unable to make and set cement.

Companies (except in the case of rarer swap deals) pay a premium to buy the contract and receive compensation if the weather parameter is reached, a not dissimilar process to insurance. There are significant regulatory differences between insurance and derivatives markets, however, of which the most important is that derivatives must have no insurable interest or proof of loss. Weather derivatives pay out when a particular strike point on a weather index is reached regardless of whether a company actually lost money because of the weather. This makes weather derivatives more flexible and cheaper than insurance. The primary risk-hedging business helps drive a secondary set of market trading as companies look to spread risk and traders use weather forecasts to take calculated risks in speculative trading of weather derivatives. For instance, a trader might spot a contract price that is lower than their weather forecasts suggest it should be and buy in expectation of deriving a profit from a future change in index value. Weather derivatives are therefore similar to other derivatives products. Despite this, the notion of trading weather as a legitimate commercial activity has proven difficult to stabilise.

Making weather markets

In this section, I examine the ways in which weather derivatives were established as a new variety of financial product and explore three overarching types of argument used to garner support from companies and regulators: advertising, economic persuasion and legal issues. In each case, cultures of morality, legitimacy and acceptability are invoked.

Weather adverts

Weather derivatives organisations and companies have promoted their products through diverse marketing schemes in business journals (such as *Environmental Finance*) and other corporate networks. The aim is to turn weather risk management through financial products into a normalised, prudent, everyday business activity rather than something exotic, unusual or potentially risky. Adverts had a dual role and aimed to enhance the reputation of the industry as well as the advertiser's own business. For example, adverts by the German bank HVB used the tagline 'We care about the weather,' while ABN Amro offered a partnership that would offer full protection 'come rain or shine', and specialist company Guaranteed Weather led with 'Weather risk management that endures'. I focus on Swiss Re, a large reinsurance company that has significant presence in the weather derivatives market. Swiss Re has regularly run adverts in *Environmental Finance,* and the advert shown in Figure 12.1 ran discontinuously, from autumn 2004 to autumn 2005. It shows a giant fan on the top of a building in Manhattan with other skyscrapers in the background and the then head of weather derivatives at Swiss Re, Mark Tawney, looking up towards the sky. Or more correctly to where the sky should be, as the sky is actually absent from this advert. All that can be seen are rays of sunshine glinting off Manhattan glass and highlighting the weather trader.

The weather trader is depicted as, literally and figuratively, enlightened. He is part of a modernist project to control the effects of nature, ensuring that society can escape the vagaries of the weather. He is also authoritative: he can see the light and direct other businesses to enlightenment. As an expert on weather risk management, the weather trader can translate corporate concerns about profitability and stability into a need for weather derivatives. Weather changes from being an uncontrollable object of providence to something ordered and managed by the financial system. Next to Tawney in the advert is a large industrial fan, larger than Tawney himself, but not so large that he cannot see the light over it. The conception of the atmosphere as a giant fan, chaotic and disorderly, is not new (Golinski 2003). In the picture, the fan is encased and stopped. Weather is no longer an external problem, or potential disruption, as it can be contained within financial markets. Indeed, in the advert it is represented as small compared to the glittering skyscrapers of Manhattan. No weather event can now exceed the ability of Manhattan to manage it. The environmental risk, weather, has been displaced; it has become a financial risk, one that will, like all financial risks, ultimately be controlled by the safeguards surrounding the financial system (de Goede 2004).

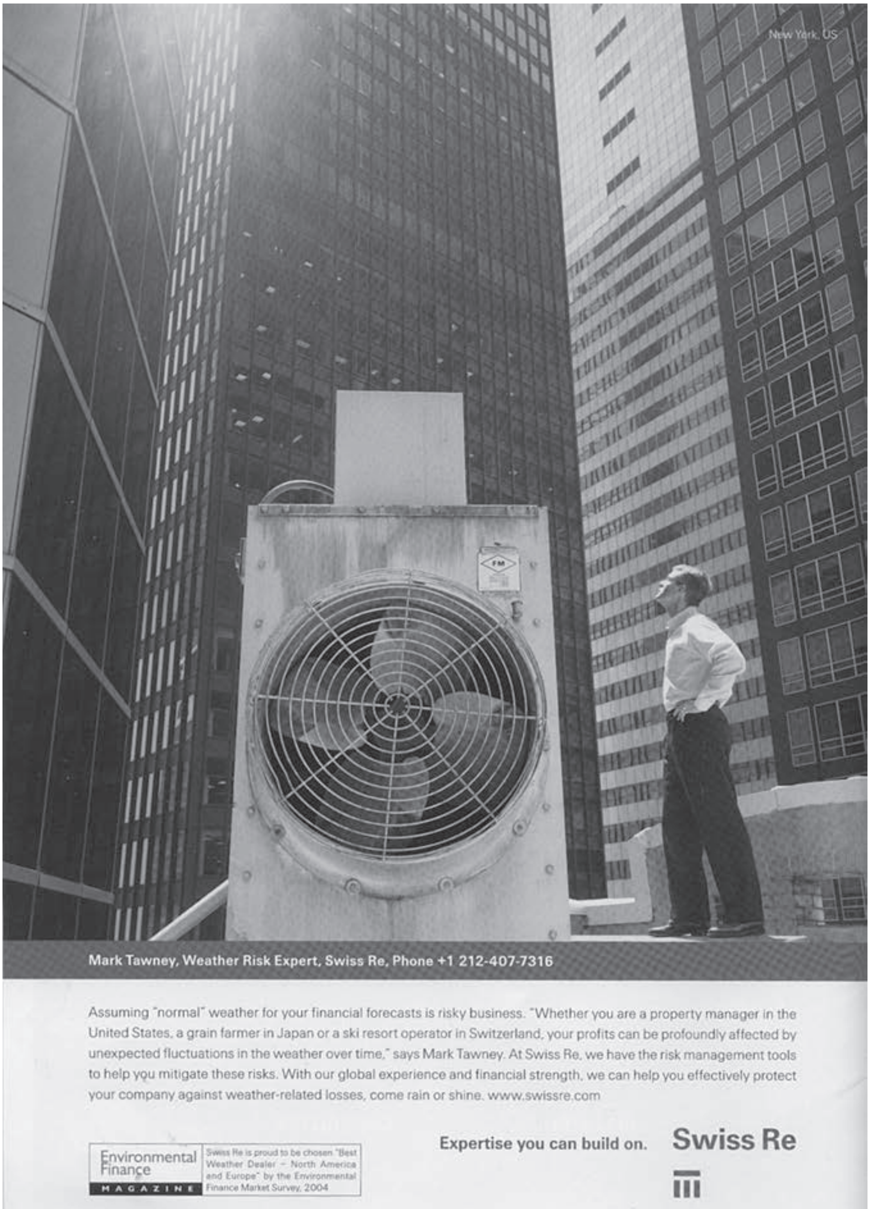

Figure 12.1 Swiss Re weather derivatives advert.

The text at the bottom of the advert proclaims that 'assuming "normal" weather for your financial forecasts is risky business.' The word 'normal' is placed in scare quotes, suggesting that climate change has removed the possibility of normal weather. The advert suggests that weather derivatives may be useful at any time, but that they are essential now because the weather is no longer normal. It must therefore be normalised through the power of the financial markets. Within this advert, the argument that weather trading is both legitimate and necessary can be seen. According to the advert, it would be irresponsible not to manage weather risk given climate change and the existence of the facility to enfold weather within financial markets. This cultural argument is compelling, but adverts alone have been insufficient in generating interest in weather trading. Traders have relied as much on the persuasiveness of economic arguments.

Financial networks

Within corporate circles, weather traders make three important discursive moves: first, that weather derivatives are labelled as weather hedges rather than futures to disassociate them from the perceived riskiness of financial speculation. Second, weather derivatives are promoted as a necessary product to achieve broader financial stability both within the company and as others might perceive them. Third, traders are nonetheless encouraged to self-govern behaviour in ways that reduce possible external criticisms of weather trading as a reckless, immoral activity.

To enable the development of a weather derivatives market, traders would often use alternative language to engage people's interests. The term 'derivatives' is seen as sparking consternation in some people's minds, especially given the historical connection of the weather market to Enron and the immediate strangeness of the concept of trading on weather. Traders described how as a new market 'it's a scary thing to enter.' This fear of weather derivatives has been at the core of the problem that weather traders have had in persuading people in organisations to embrace these new products. This fear is deemed to be both general and also geographically specific, such that weather traders would choose their language carefully and mention 'hedges' or 'protection' rather than 'derivatives' in certain contexts. For example, as one London-based banker revealed in an interview:

> Most people are scared of the word derivatives . . . so you have to talk about weather cover or weather protection until you go a bit further down the line, otherwise they just go 'oh derivatives' and run away, especially in Germany for example where they've just got an absolute fear of the word. They're so risk adverse, they think they're gambling, whereas in fact they're gambling if they don't use a weather derivative.

Achieving this inversion of risk and gambling is critical to establishing the necessity of weather derivatives trading for a responsible institution. 'It is riskier not to use weather derivatives than to use them' is the message that weather traders are taking to corporations and analysts.

Traders have pursued this argument through appeals to credit rating agencies and shareholders. It is not acceptable, they say, for companies to blame losses on weather when there are financial products available to mitigate that risk. Some weather traders believed that financial institutions would look favourably on the company for using weather derivatives, but that the argument would be considerably strengthened if credit rating agencies started to threaten to downgrade weather-sensitive companies that ignored the risks of weather to their profit margins (Randalls and Pollard, draft). Thus the use of weather derivatives could be enforced through financial intermediaries, ensuring both an increase in business and establishing the importance of weather risk management in the economic departments of major corporations worldwide. As one weather trader suggested in an interview:

> More and more as these people have started to hear about weather derivatives, they're not some sort of crazy backward product, they do get mentioned in the papers, that sort of thing, the equity analysts are realising well this isn't a valid excuse.

There are no recorded instances of companies being warned about weather risk by credit rating agencies, so in many ways this has been a failed enrolment, but it highlights the perceived importance of intermediaries in establishing the status of financial products.

Credit rating agencies are, however, an indirect tool for growing the market, and for those companies with significant networks of corporate clients, these networks provide a much more direct method of selling the product. Given the dominance of energy companies in the weather market, one London-based banker described how he leveraged corporate relationships and contracts 'rather than sticking ourselves out in the market fighting . . . those big energy companies who have been playing this game for many years'. The rhetoric of gaming is used to infer the riskiness of being involved with the dominant temperature deals in the weather markets, to alternatively establish client networks as a better opportunity to develop weather profits within the bank. It is not that the weather market is inherently dangerous, for that could undermine the overall credibility of the market, but rather that organisations need to find unique strategies that ensure *prudent* market development. In the case of banks, the client network provided a market pool for banks to draw on to enforce the use of weather derivatives as a necessary risk management strategy.

For banks and other financial institutions, unlike weather traders in other companies, it is relatively straightforward to translate arguments about economic sustainability into a formal requirement, particularly if a client is applying for other financial products. Banks in particular offer a range of financial services to clients that manage various elements of risk in the interest of ensuring financial stability within that company, especially if they are making loan repayments to that bank. As Kalthoff (2005) has demonstrated, loans are not just about lending money but rather enable the bank to intervene in the calculations of the company to achieve certain objectives. Establishing good interpersonal relationships with clients is therefore at the core of a bank's activities. Selling weather derivatives to businesses that were not clients was much harder as not all firms were convinced of the necessity of weather trading and bankers had few direct regulatory options to enforce it. For clients, once an economic justification could be made about the impacts of weather risk on a business, then it would enable a moral necessity argument to be rapidly deployed. Traders could insist that it would be 'gambling' not to protect one's business against weather risk. As one London-based banker described it to me:

> Once you can get a slight bit of interest you can then sort of prove it with numbers and then you've got them, and then it's just a case of haggling about how much they want to spend on it.

Weather derivatives become necessary because the moral economic argument enforces weather risk management as a means of ensuring other forms of capital flow. Thus building the market for new financial products is dependent on not only developing a cultural basis for the product but also actively deploying this through already existing economic channels as a necessity for prudent financial management.

Establishing good self-governance is also central to ensuring the reasonability of an individual's weather trades. Weather traders would discuss the 'fun' of arranging complicated or 'funky' derivative structures and would chuckle about taking advantage of other companies' perceived mispricing of contracts. At the same time they were aware that their actions must be viewed as acceptable by the company directors should a deal go sour. As one weather trader in a UK energy company put it in an interview:

> Imagine if I said to my board of directors: We fixed a weather hedge in Australia and the correlation broke down this year and I know it's been really warm here, but it's been really cold there and our swaps have paid out the wrong way, sorry. I mean can you imagine how long I'd last?

Traders self-govern their behaviour to ensure that their strategy cannot be seen as too risky or too much like an unwarranted gamble based on flaky correlations. By ensuring that the majority of trades appear justifiable, even if they eventually lose money, the rigorous, predictable and fair nature of financial trading is established and corporate self-governance is shown to be effective. This is of course why it is vital for financial organisations to portray specific individuals as 'rogue traders' operating outside company rules when they come under scrutiny. Traders reflect on the commercial rationale of their trades should they be closely examined. They learn self-governance through networks and mentoring and through other kinds of risk taking, including, very commonly, spread-betting, a financial product which successfully combines gambling and investment (Loussouarn, Chapter 15 in this volume), or betting.

There is some uncertainty over the emergence and decline of a retail market for weather spread-betting offered by companies in London. Cantor Index planned to introduce weather spread-betting in 2003, but there is no evidence of widespread development or adoption by other companies. Spread-betting institutions enable traders to use their own money to take a personal stake in the kinds of indices they are trading at work, a practice described to me as part of the 'mentality of the City's traders.' Spread-betting both trains and self-governs individual traders to conceptualise the trading of risk as something fun, but financially real. Weather products, however, made little impact in this retail spread-betting market and remain primarily in the province of the commercial financial markets. Bookmakers, such as William Hill, on the other hand, have introduced weather bets in both temperature and precipitation monthly or seasonal totals as well as for specific events such as snow at Christmas. Piers Corbyn, an astrophysicist who predicts weather up to a year in advance based on solar patterns, claims considerable success in winning bets (Standage 1999). The public, however, have generally not engaged in weather betting to any great extent, let alone more complex strategies like cross-hedging horse race risk (where the condition of the ground has a material effect on the outcome). The lack of enthusiasm for weather betting equally reinforces the relative dearth of media or public attention paid to weather derivatives, which have become established primarily through the moral economic persuasion of companies that are, or feel compelled to, trade weather as part of a prudent management strategy.

Mo b l w

In order to be recognised as *bona fide* financial products, weather derivatives must be captured by current legal frameworks. Law is not just a regulatory apparatus; it is continually remade in relation to changing cultural attitudes and practical experience. It is often only in test cases that laws are affirmed. Financial derivatives are regulated under a suite of European and national regulations, but these only define established areas of activity, and the pace of financial innovation often outstrips that of the legal environment. When companies write weather contracts, they *become* insurance, derivatives or gambling by virtue of their similarity or difference from insurance, derivatives or gambling rules. The Weather Risk Management Association (WRMA) wrote a draft derivatives contract for general use by traders to prevent problems. More broadly, however, weather traders pushed for confirmation that weather derivatives were not insurance or gambling. Here I illustrate the social work involved in establishing the legislative landscape for weather derivatives as 'not-gambling'.

The fear of weather traders in the early years of the market was that some (or all) weather derivative contracts might not be classified as derivative products with a genuine commercial aim, which would transport them into the realms of 'contingent risk' or gambling regulation. As one lawyer described the legal definition of a commercial contract to me:

> It's a contract whose purpose or intended purpose is to secure a profit or avoid loss by reference to fluctuations in an index or property . . . if you

> didn't take those steps you would be moving outside into, you hope, contingent commercial contracts, but you could be on the slippery slope down to gambling.

The term 'contingent risk' is not a standard, formal term but was used by legal experts in the weather derivatives market to describe the grey area between derivatives regulation and gambling regulation, an area where neither set of regulations automatically applied. It neatly encapsulates the complexities within derivatives regulation showing that the best way of thinking about these different forms of contracts may not be as separate entities (derivatives or gambling) but rather as a continuum. It is not a gambling contract or derivative *tout court*. This is why WRMA and European weather traders spent a lot of time in 2003–2004 ensuring that the emerging European Union Directive on Financial Instruments Markets would cover weather derivatives contracts.

The argument about regulation has both an economic and a moral component. Economically, derivative products can be netted for tax purposes and have less stringent rules than gambling contracts. Contingent risk or gambling contracts are seen as largely unenforceable in the event of a breach of contract between corporations, because the courts generally will not have the time or desire to extract the money from the counterparty. Gambling institutions (and insurers) are more regulated than derivatives traders, with betting shops being forced to keep up to 90 per cent of the total payout value in reserve in case that contract pays out. With derivatives contracts, however, a company need only reserve capital against that contract paying out in proportion to the likely probability of a payout. If, for example, weather forecasts show that next month will be cold and the contract pays out if it is warm, it makes little sense to reserve money against that contract. The capital can be better utilised. For the moral argument, too, it is beneficial to have weather derivatives recognised as genuine financial products. Being recognised as a commodity derivative provides protection and a sense of belonging in financial markets. It distances weather derivatives from their roots in Enron, and gives them the credibility of a *bona fide* financial product that is definitively not gambling. This is particularly important in southern Europe and Germany, where there is seemingly less enthusiasm for trading weather than has been seen in the UK.

Building the weather derivatives market requires the enrolment of strong allies (Latour 1987). Asserting the legal recognition of weather as a commodity derivative helps with the enrolment of credit rating agencies who, as discussed, could become vital allies for the weather derivatives traders. This legal status can be legally assured only by proving the genuine commercial purpose of weather derivatives. Law, economy and culture interact here. Building the case that weather derivatives are a legitimate product involves entwining changes in cultural attitudes towards weather risks, exploiting financial networks to grow the market and establishing the economic rationale to stabilise the regulatory framework. Each stream strengthens the case. Weather traders might say: 'Even the EU consider(s) weather derivatives to be a genuine commercial contract; there is no reason for companies to blame losses on weather anymore when there is a genuine risk management strategy available.' Equally they might add: 'Your shareholders deem weather risk to be ultimately manageable, so not using weather derivatives will reduce your share price.' The enculturation of weather risk management is central to establishing weather finance as a prudent, rather than far-fetched or risky, strategy.

Conclusion

In this chapter, I have shown how weather derivatives markets emerged through cultural discourses and economic networks that established these new financial products as legitimate and essential parts of corporate risk management. Characterising weather derivatives as more than science fiction, a *bona fide* commercial product, has been central to ensuring the growth of and legal support for the market. At the same time it is precisely through economic practices of persuasion, making weather derivatives a compulsory act for risk-attuned companies, that this acceptability is supported and enhanced. In other words, there is a lot of cultural work that goes into supporting a new product in terms of establishing borders of acceptability. Weather derivatives traders use language like 'hedges' rather than 'derivatives'; they self-govern to ensure the credibility of their trading practices. Nevertheless, there is still considerable moral angst about the connections to Enron, and trading weather still appears incongruous and incredible in many business circles. The legitimacy of weather trading is continually maintained by traders who emphasise the product's value and behave as prudent risk takers. This is essential to both supporting the growth of the market and also ensuring the stability of the financial system more broadly. Traders in other markets would not wish weather derivatives to contaminate legal or cultural perceptions of other financial products.

Research on gambling, speculation and finance highlights the historical and geographical specificity of the various debates in legal, public and economic settings, which characterise certain activities as acceptable and others as unacceptable. Birla's (2009) study of the emergence of commercial laws in late colonial India provides an important conclusion. In the development of new products, laws and procedures, it is not just a case of one group entering the market and changing the rules. Rather all parties are affected because the rules and products then read differently through the new conceptions available. Weather derivatives challenge and are challenged by financial, legal and cultural associations in a continual dialogical relationship. While weather traders have normalised weather through financial markets, they have made less headway than might have been expected in overturning the idea that weather trading is 'crazy'. At the same time, they have made other forms of environmental finance appear ordinary (like carbon finance and catastrophe bonds). Weather, like life, has been turned from providential control to calculated risk. As such, what is considered acceptable risk management is not just determined by the object of that trade, but that object is figuratively reshaped through these actions. Given the emergence of climate finance, a chaotic atmosphere might yet play a telling card in reshaping financial networks too.

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3 'If you don't care for your money, it won't care for you'

Chronotypes of risk and return in Chinese wealth management

Lily Chumley and Jing Wang

In the era of 'reform', economic activities that straddle the line between gambling and investment have reemerged as key categories of social practice for urban mainland Chinese people. Rotating credit cooperatives and underground finance developed in the 1980s and 1990s (Tsai 2004), along with social gambling (Festa 2006; Steinmuller 2011) and localised stock markets in Shanghai (Hertz 1998) and Shenzhen. Beginning in 2002, with the opening of the financial system, 'The entire nation started to stir-fry stocks' (*quanmin chaogu*). In 2007, considered a milestone in the development of the stock market in China, millions more people opened accounts in the stock markets, and total active stock accounts exceeded 100 million, among which more than 70 per cent were personal accounts, representing approximately 1 out of every 20 Chinese people.

The verb stir-frying (*chao*) is used to describe the practices of buying and selling 'hot', high-yield products, from stocks to apartments. *Chao* is investment (*touze*), not gambling (*du*); but the practice of stir-frying is understood to be vulnerable to the social pleasures and risks of gambling. 'Suddenly, finance is fun,' says an internet-bank ad (Martin 2002). In China, banks have played a key role in the popularisation of 'stir-frying' and other forms of investment. In this chapter, based on fieldwork with bank managers, 'wealth management' (*licai*) customers and financial media professionals in Shanghai and Fuzhou in 2009, 2011, and 2012, we describe the development of a service regime oriented to new financial practices: *licai* services marketing investment vehicles to the urban *gongxin jieceng* (wage workers and retirees).

As forms of social practice, *chao* and *licai* are continuous; the same investment might be described as *chao* in one context and *licai* in another. But if 'stir-frying stocks' is characterised by an attempt to adopt a traders' stance toward the productive capacities of risk (Zaloom 2004), 'wealth management' is more often characterised by a conservative approach that regards financial products as means to control risk. If in *chaogu* the neighbourhood bank branch operates like the trading floor of the professional banker – as a site in which risk is generated, managed and manipulated through short-term, high-yield trades – in *licai* the same bank appears as a shelter *from* the long-term risks and uncertainties endemic to a globalised, financialised economy (bubbles, crises, inflation, etc.). The stakes are different, in scope and scale.

Thus, *chao* and *licai* are distinguished by *chronotopes of risk and return*. Chronotopes (Bakhtin 1981; Harvey 1985, 1990; Silverstein 2005) are conceptualisations of time and space: in this case, conceptualisations of the temporal and social-spatial orders of risk and return in investment. Financial risks and returns are framed not just in terms of quantities of money and holding periods, but also in terms of social entities (self, couple, house, family, the investor class, the nation), which are in turn understood spatio-temporally: *self* being a smaller and temporally shorter concern, *family* a larger and longer one (see Chu 2010; Hatfield 2002; Lambek 2008; Tsai 2000; Yan 2009; and Zhang 2010 for discussions of religious and economic practices that negotiate between these frames).[1] While in 2008 *chaogu* was sometimes compared to gambling (*du*) and described as a reckless form of play (*wan*) oriented to the short-term interests of the individual, in 2012 *licai* was more often described by participants and observers as a responsible investment in the future oriented to the ongoing well-being of the family. These mappings of risk and return to self and family are grounded in economic and ethical logics; insofar as they support the Chinese banking system, they have national and even global implications.

Gumin: investor-people

The *gumin* or stock-investor people described by Hertz (1998) expanded dramatically in 2005, when Chinese bank branches began promoting a range of *licai* products and services, which had previously been marketed to wealthy entrepreneurs and executives, to ordinary consumers throughout the country.[2] Perhaps the largest new category of *licai* customers is the urban *gongxin jieceng*: people who live on fixed incomes as wage-earning employees or pension-drawing retirees (as opposed to small-business owners). This category includes both relatively poor and relatively wealthy members; what they have in common is a situation of economic dependence on an institution that parses out their income in regular installments. The paradigmatic *gongxin* investors – as represented on TV programmes and in comedy routines – are the mothers and grandmothers who are usually responsible for managing domestic money (see Tsai 2000). Insofar as the money these women invest in *licai* is a family concern, so is *licai* (compare to Carsten 1989; Miller 1998; and Zelizer 1997).

At first, many banks opened separate *licai* windows within their branch lobbies, with separate waiting numbers for shorter wait times. They hung large screens in the lobbies to scroll financial information such as stock prices and currency exchange rates. More recently, many branches of large national banks have built separate *licai* areas. The bank in Shanghai at which we conducted research for this chapter had a *licai* area carpeted in burgundy and decorated with upholstered furniture in red and gold, physically and aesthetically separated from the austere blue-and-white stainless-steel and melamine interiors of the main branch lobby where people wait to withdraw and deposit cash. The entrance to the *licai* area led to a concrete bridge over a large fishpond filled with koi; an attentive receptionist, who offered clients coffee and tea; and a waiting area stocked with issues of the bank's own financial magazine, *Wode Caifu* (Fertile Virtue Wealth). 'Fertile virtue' here can also be read as a pun for the singular possessive pronoun ('My Wealth').

Concurrent with the emergence of *licai* services, over the last decade, a 'large audience' (*dazhong*) financial media has emerged, promoting news about financial products and markets to ordinary audiences, with slogans such as, 'If you don't care for your money, it won't care for you' (*Ni bu li cai, cai bu li ni*). In this phrase, the word *cai* appears twice, with two distinct meanings. The first refers to personal finances, the money you have to care for; the second refers to fortune, the *cai* of *Caishen*, the god of wealth, who might refuse to care for you.[3] The financial media include both specialised central and local channels (CCTV Caijing, Beijing Caijing) and multiplatform media conglomerates, such as the Shanghai-based Number One Financial (*Diyi Caijing*), which runs a television channel, a magazine, a website and mobile apps for smartphones and tablets.

Wage-earning mothers and pensioner grandmothers are among the most ardent consumers of both *licai* products and financial media. Middle-aged *gongxin* women in Shanghai, Fuzhou and Beijing (the cities where we conducted research) make frequent trips to the *licai* lobbies of local bank branches to 'manage their wealth' with the help of financial managers, who regularly call and text their clients on their cell phones to encourage continued investment. The bank's business development system encourages advisors to seek out new clients and encourage clients to return frequently – as one informant told us, 'I'm a very obedient customer.' However, as we observed at banks, clients also seek out advisors, coming to the bank to ask for new products. Many retired *licai* consumers spend hours a day in the bank, in the company of their friends, watching numbers scroll on flat screens. At home, they watch financial news channels on television and follow stock prices and other market information online. They discuss the markets with their friends, their children and their spouses and even in some cases consult with religious advisers or deities, including *Caishen,* Buddhist and Taoist gods, and Jesus. They keep themselves up to date with the latest news about financial products, investing time in a chronotope of currency.

Despite their recent shift to a mass audience structure, the financial media professionals that we interviewed in Shanghai did not regard *gongxin* women as the primary audience for financial news. Most advertisements in major financial magazines or on national financial TV channels' evening and morning programmes are targeted to elite men (cars, watches, liquor, golf). However, daytime ads on financial channels seem to be increasingly targeted to women, both as self-fashioning aesthetic objects (beauty products) and as domestic labourers (laundry soap). Smaller bank-based publications such as *Wode Caifu* magazine feature stories explicitly directed to average-income mothers, such as 'what to do with children's holiday money'. As in this example, the stories that are most explicitly targeted to middle-aged *gongxin* women frame wealth as belonging to a family, not an individual.

Risk profiles

In financial media, and in financial services, individual investors are given risk profiles based on formalised interviews (tests) and investment records. Wealth management professionals rank individuals in terms of their risk profiles, which are understood to be related to individual personality and investment experience, and also to be loosely correlated with social categories such as age and gender. Under these categories, older people and women are regarded as being the most risk averse. For example, in a scene from the 2011 Johnnie To film *Life Without Principle* (*Duomingjin*), a bank financial manager under pressure to generate investments coaches an elderly woman with a 'Type 1: Cautious' risk profile to cheat the bank's security system, allowing her to invest in a high-risk fund restricted to 'Type 4: Aggressive' investors. The woman is shown a range of warnings and notices, to each of which she replies, 'I understand,' but it is clear that she cannot understand what she is reading, and she soon loses her life's savings in a market crash. Risk appetite and aversion are measured in chronotopes of risk and return: the aggressive are suited to high-risk, high-yield, short-term investments (more likely to be called *chao*); the risk-averse are thought to be suited to low-risk, low-yield, long-term investments (more likely to be called *licai*).

However, such comparisons of investor personality and temperament (*xingge piqi*) take place within a broader social environment of changing moods of fear or courage: the collective attitudes of the 'stock-investor people' (*gumin*) or 'the market' (*shichang*). Over the last four years, investors are understood to have become more risk averse. According to Branch Manager Li, who has been working as a banker for more than 25 years, in 2011 no one wanted to buy national bonds, and the money managers could not sell them; but in the first few months of 2012 demand exploded – people were clamoring for these relatively long-term investment options, to the point of 'sudden death' (*miaosha*): the product would sell out within seconds of being offered.

In our interviews, Manager Li maintained that the role of the money manager is to educate customers about risk (unveiling 'hidden' risk; see Douglas and Wildavsky 1982), while accommodating their personalities. He said that *gongxin* women are 'more conservative, more risk averse', and want the bank to provide them with 'a feeling of security' (*anquan gan*, the same feeling a woman is supposed to desire from a spouse). However, he also said that in the last few years, 'In my experience, 80 to 90 per cent of customers haven't made money in the stock market.' So why do they continue to invest? According to him, 'Our customers often tell us that the money is lost anyway (*fanzheng shi kuile*) . . . If I leave it there my whole life, someday it will come back.' 'There' refers to the bank, although the money may be distributed among various products (diversifying the portfolio). When we asked the *licai* customers that we interviewed at the bank whether they had lost or made money, all answered that in the four years since 2008, their losses had exceeded gains. When we asked why, in that case, they continued to invest, all suggested there was no better alternative: *wunai*. Or as Manager Li put it: ‘There is only this one road.’

Since the 2008 financial crisis, there is some suggestion that the markets improved: according to Ipsos’s *Chinese Family Wealth Management Report*, in 2010 nearly 60 per cent of Chinese families had *licai* experiences, as a result of which 48 per cent of families made money, and 22 per cent of them lost; according to HSBC China’s survey in 2012, more than 60 per cent of respondents reported profit for the last year, while over 20 per cent reported losses (given the banks’ obvious investment in *licai* services, there is reason to be skeptical of these figures; see Liu 2009 on the fungibility of statistics). The minimum return rate on wealth management products (WMPs) for *licai* investors is 3–5.5 per cent: respectable by international standards even if a dramatic decline from the years immediately before the crisis. However, it seems that widespread experiences of losses after the crisis have changed attitudes towards *chaogu* practices. Now *licai* services are frequently positioned, both by consumers and by bank employees, as a means to manage the uncertainty endemic to life in a global financial system. For these customers, the bank appears as a shelter in a storm, rather than a source of risk in itself. After all, if consumers have lost more than they made, they might be better off leaving the *licai* lobby and taking their money back to the savings accounts (with interest rates over 3.5 per cent) offered in the blue-and-white room.

The *gongxin* investors who have been losing (or at least not making) money on WMPs now regard themselves as living in an economy of risk, in which loss is to be expected and gain to be hoped for. But they also describe an economy of surplus, and a cycle of wealth, in which money demands care, and more care the more of it there is: hence the need for wealth management. To explain this apparent paradox, we describe *gongxin* people’s dilemmas of income and inflation, surplus and saving

Life in the macro economy

In recent years, urban Chinese household incomes have dramatically increased, and many *gongxin jieceng* families find themselves concerned with the problem of managing money. As several of our informants told us, ‘You can’t spend it all’ (*hua buwan*). In our interviews, older female *licai* investors described their investments as overdetermined responses to macro-economic forces[4] through a discourse of choicelessness (*wunai*). However, they also described their investments as a kind of sideplay aimed at making ‘a little grocery money’ (*xiaocaiqian*). On the one hand, the discourse of surplus regards the money used in *licai* as separate from carefully preserved savings: ‘a little extra money to play with’, as many of our informants described the money they put into the stock market. On the other hand, *licai* is described as a means to protect carefully accumulated savings from inflation and market instability, which suggests that many people are putting more than ‘a little’ into WMPs. Although chronotopes of risk and return may be used to distinguish *licai* and *chao*, there is always a potential for slippage in scopes and scales.

'Extra' money is produced by the contrast between rising incomes and habits of saving (*jieyue*). On the one hand, the majority of Chinese urban *gongxin* families get much more cash income than before, as a result of changes in state policy and payment structure. From 2000 to 2010, China released several national and regional policies on salary increases in state-owned or controlled organisations or enterprises. The annual household income in urban areas in the year 2000 was about 18,000 RMB and it increased to 63,000 RMB in the year 2010 (National Bureau of Statistics of China 2001, 2011) not including grey income (such as New Year's red envelopes).[5] Several interviewees in Beijing and Shanghai suggested that their annual salary had grown more than 50 per cent in the last 10 years. The salary increases in private companies and Sino-foreign joint companies appeared to be even more radical. One of our interviewees in Beijing said the annual income for a mid-level manager in the media industry was about 170 thousand RMB in 2010, having doubled from 2007. In addition, *gongxin* people working for state-owned enterprises used to get insurance and material benefits such as housing clothing food, etc., which in many cases have now been replaced with cash (see West 2007 for more on pension reforms). According to Ma Jiantang, the director of the National Bureau of Statistics, in 2010, cash benefits and insurance contributions account for more than 12 per cent of urban families' income increases.[6]

On the other hand, even with higher incomes, *gongxin* families continue to practice careful home economy; as a result of rising consumer prices and the conversion of benefits into cash, they do not necessarily feel wealthier. Habits of saving (*jieyue*), from planning for major purchases to carefully noting the varying prices of vegetables and fruits in different stores, remain deeply rooted, widely practiced and culturally normative. Much of the labour of saving is practiced by the same mothers and grandmothers who also go to the bank to *licai* through financial investments. Older women in their fifties and sixties – who raised their children during the Cultural Revolution and the early 1980s, when most purchases still required rationing tickets – now trade stocks and speculate on foreign currency exchange rates. However, they incorporate these financial practices into a daily regimen that still includes saving. As nearly all of our informants told us (whether male or female, young or old), retired women spend the early morning engaging in *yangsheng* activities such as singing or dancing with peers in the park, then go to markets to shop for groceries, and then spend their late mornings or afternoons in banks doing *licai*. Retirees' routines are understood by both participants and others as socio-economic practices, modes of saving and spending embedded in and oriented to a range of interests and relationships. Even *yangsheng* exercises conducted for free in the park are often rationalised as a money-saving preventive medicine (i.e. Farquhar and Zhang 2005: 311). Thus, their long-term investments are oriented to the needs of their families, especially to children and (in some cases, even as yet unborn) grandchildren.

Wage-workers aged 30 to 45 years old – most of whom are also parents of school-age children – belong to a transitional generation, encouraged to be aggressive in making money and conservative in consumption. Most of them are familiar with an idiom of *qinjian jieyue* (diligence and frugality). The saving ideology was taught at home and in school. Manager Li told us he could never forget how his elementary school teachers taught him to *jieyue meiyidi yongshui* (save every single drop of water) without explaining why; as a child he couldn't understand what they meant because Shanghai was not short of water. Of course, he later realised that in this slogan (as in many other contexts), 'water' stands for money. Younger *gongxin* people are particularly heedful of expenditure as salary is usually their only source of income, and in many cases, their material benefits and retirement pensions are prepaid as part of their monthly salaries. Their savings are also oriented to the pressing needs of children, their own retirements and to the care of elderly parents.

Over the course of the 1980s and 1990s, banks profited from this economising ideology as *gongxin* families put their previous cash savings into bank accounts (in the process, indirectly financing economic growth and infrastructure spending).[7] The high interest rates gratified savers until the mid-2000s, when inflation began to eat away at savings. Rising prices – from food to real estate – became an increasing burden on *gongxin* consumers and an object of bitter public complaint, until mid-2011, when inflation reached a peak of 6.5 per cent. However, it must be noted that interest rates increased apace, maintaining a peak of 6.6 from 2010 through early 2012, well after inflation rates had already dropped – so it is possible that the much-feared loss on savings to inflation might have been less than the losses that many investors experienced in the markets.

The rising price of real estate was a particular concern for many middle- and lower-income *gongxin* families, who found their goal of investing their savings in apartments slipping out of reach. Rising prices left them holding their cash savings: too much to save in a bank account, but not enough to purchase even one apartment. The futility of saving is expressed in a viral video on *Youku* from 2012 that depicts both blue- *and* white-collar workers looking at a real-estate ad, calculating the number of years it would take them to purchase an apartment in centuries and bleeding from various orifices in response. Many middle-income families resolved this problem by modifying the ideal type of marriage exchange, in which the man's family is supposed to provide a furnished apartment and car for the young couple, by combining the savings of two sets of parents and those of the young couple to purchase an apartment and a car. Lower-income young people have increasingly resigned themselves to 'naked' marriages, with neither house nor car. In this context, the demand for high-return *licai* products among both young *gongxin* workers and their retired parents is easy to understand: the long-term goal of family reproduction might require an aggressive risk profile.

Meanwhile, national policy control in real estate purchase in 2011 also altered *gongxin* people's expectations of their bank savings. After April 2010, Beijing, as the first city executing the '*xiangou ling*' released by the State Council of the Central Government, restricted each family to one house. As of early 2011, more than 40 cities have constrained each family from owning more than one or two houses.[8] While the *xiangou ling* pushed back the real estate speculators, it crushed higher-earning families' plans to invest their savings in real estate, which they had considered a safe investment, immune to the risks of the market. For example, Xu and his wife both worked for the Ministry of Aerospace, which in 1993 became the China Aerospace Science and Technology Corporation, a state-owned enterprise in Beijing. Before the national salary policies transformation, Xu and his wife could each receive a housing allocation, thus allowing them to own two houses (unlike lower-status workers, who could be assigned only one housing unit). Under the new salary policy, their housing benefits have been replaced with money directed to their savings account. But under the *xiangou ling*, they can buy only one house and have to hold the extra money, which they fear will be devalued over time.

Thus, rising real estate prices, changing regulations and new payment structures have left *both* low- *and* high-income *gongxin* families with too much cash, in a time of inflation, when the barrier to entry for many nonbank forms of investment – real estate, art, collectibles – has risen too high for many families. Holding extra money in a market subject to unpredictable swings and state interventions, Chinese *gongxin* people find themselves in a dilemma. They have to save for their unsecured life after retirement – especially for younger people who are given their retirement benefits in cash now – but worry about currency devaluation. Watching real estate prices rise, they pin their hopes on high-yield products; at the same time, having experienced losses in recent years, they want to find something safe. Flummoxed (*wunai*), they turn to the bank-based wealth management market, taking risks in the hopes of return.

For the banks, in the first years of the new millennium, these huge numbers of *gongxin* people appeared as a market awaiting a product. Government support catalysed the rapid growth of Chinese bank-based wealth management products and services. In September 2000, the central bank in China started to allow personal accounts to exchange foreign currency for profit (currency speculation). At that time, foreign currency was available for only very limited numbers of people who had family abroad or frequently travelled overseas. In 2004, the Everbright Bank of China, one of the major commercial banks, developed its first personal RMB *licai* service. In February 2005, the state-controlled Construction Bank of China launched its first personal *licai* product, and since then Chinese banks have embarked on a fast track to develop various wealth management products, including fund, foreign currency exchange, bonds and the like (Bank of China Business Association. 2011: 2–5). Since then the market has continuously grown.

Until recently many *gongxin* people did not regard *licai* as a high-risk activity, because until 2008 many had not experienced major losses. According to Manager Li,

> In 2005, *Chao jijin* (stock market index funds) normally rewarded investors with 10–20 per cent return. For your information, in the US and other developed markets, the most ideal return rate of fund products is 3–5 per cent. At that time, Chinese investors were fanatical about any type of 'fund' products, until they learned a lesson in 2007. Nowadays, people will no longer put all their eggs in the basket of funds. They choose to buy multiple products to lower the risks.

The willingness of these families to walk their money from the blue-and-white lobby over to the red-carpeted *licai* area despite recent experiences of loss is frequently described by participants and observers as a rational response to inflation and other macro-economic forces. However, these economic rationalisations stand in uneasy relation to economic uncertainties, as demonstrated by the discourse of *wunai* (having no better option). As several of our informants pointed out, some of this uncertainty is rooted in the particular conditions of Chinese market socialism, such as the unpredictability of changes in state economic policy, and the relative youth and short life cycle of many private companies listed in the stock market. But the pervasive uncertainty that motivated the consumer shift to bonds in the last few years goes beyond the Chinese system; it is an assessment of the nature of global capitalism. It seems that ordinary *licai* consumers, whose small stakes in various markets give them a personal interest in macro-economic events, now regard the global market system as inherently unstable.

Chronotopes for risk and return

Time is the basic currency of wealth management products, and investment vehicles more broadly. The most basic manifestation of the temporal nature of wealth management is the *term of investment*. Short-term and long-term investment products are differentiated not only by duration, but also by different frames of reference for thinking about the future: growth potential, stability and risk. Consider the different frames of reference for interpreting the potential future value of the following investment products: foreign currencies, stocks, funds, life insurance, bonds, stakes in gold bullion sold as WMPs and gold miniatures of the kind that occupied a large glass vitrine at the bank in Shanghai where we did our research. In attempting to judge their value and potential future value – two minutes from now, tomorrow, next year, four decades on – an investor can consider the company, the industry, the nation, the society, the markets, the world. These mappings of temporal framework to spatial and social orders produce chronotopes of uncertainty and possibility, currency and durability, risk and return: a small amount of personal money at high risk for a short time; a large amount of family money at low risk for a long time. Concerns about uncertainty *and* strategies for managing risk are communicated and reflexively reproduced through mass media, relations between advisors and clients, and social and kin networks (trading tips or news: *xiaoxi*).

Uncertainty about the long term and large scale (the fear that something 'immeasurable' and unpredictable could happen [Knight 1921]) is basic to the logic of 'safe' investments, such as bonds and gold: if the company fails, if the industry fails, if the government or the society falls apart, people will still want gold. After the financial crisis banks began marketing gold. In the words of one bank manager, gold jewelry and figurines give ordinary investors, especially women, a 'feeling of safety' (*anquan gan*). The same is true of other tangible collectibles sold outside of banks. For example, the traditional red-stone carvings sold in Fuzhou are rapidly rising in price, with many small carvings going for hundreds of thousands of *yuan*. As one police officer (member of the urban *gongxin jieceng*) perusing a large catalogue on the plane from Fuzhou to Beijing told us, even though he knew that a fad was developing, he still felt that these stone carvings were a secure investment. Unlike stocks, insurance and funds, he said, they will *always* be valuable no matter what happens, because of their beauty: a beauty verified by the distributor's catalogue but inherent in the object. Red jade and chicken-blood stone, like gold, are precious materials that have long functioned as stores of value; likewise, the traditional themes of the carvings contribute to the chronotope of durability that gives their purchasers a feeling of safety despite uncertainty.

Uncertainty in the markets is reflected in uncertainty in *licai* contracts with banks. For instance, conservative *licai* products with less risk, lower return and a longer term of investment were more popular than high-risk, short-term products in 2012, and this popularity was in large part due to financial media reports and bankers' advice to their clients, advice that was likewise responsive to media reports describing a *conservative* (uncertain) environment for individual investors. Financial reporters and commentators appear to be cautious about the economy in China and negative about the financial crisis in the United States and Europe. In July 2012, Standard and Poor's and major global banking figures announced that the Chinese government had succeeded in slowing down (*fanghuan*) development to give the booming economy a *ruan zhuolu* (soft landing), through policy interventions in real estate and other markets. This was good news for the macroeconomy but bad news for individual investors who hoped to get higher returns on short-term investments. As a result, many people switched to less risky but less profitable WMPs, such as fixed-rate savings and treasury notes. On the bankers' side, bank managers and financial advisors pushed existing clients to continuously invest by informing them of the latest *licai* products. As when the Chinese government issued 30 billion treasury notes on May 10, 2012, 'All the banks in Shanghai sold out their quotas within the first one to two minutes of the business hours on that day,' according to Manager Li, suggesting that investors were informed of the impending sale well before its launch.

Uncertainty in the markets is reflected in uncertainty in *licai* contracts with banks. For most consumers, the most important part of the multipage *licai* contracts is a number: the rate of return. According to government regulations, *licai* contracts of all banks shall not predict or show any return rates, nor include words like 'guaranteed' or 'ensured'. However, many banks, especially local branches driven by the target of getting more clients to invest more of their savings in WMPs, tend to explicitly show the possibilities to make money and avoid mentioning the risky side of *licai* products. Thus, most contracts use 'the expected return rate', which especially in the initial period of the *licai* market – before the first WMPs had failed to pay out according to their expected rate of return or on the expected date – appeared not as an object of uncertainty to average investors but as an object of expectation: a probable outcome, neither risky nor uncertain.

In 2012, the women we interviewed struggled with both uncertainty and risk, from thinking about investment towards making a choice of some specific *licai* products. In this process, they used information (news, messages from bankers) and numbers (stock prices, expected return rates) to diminish risk. However, the information *gumin* have used to eliminate risk is, especially after 2008, itself subject to doubt – which means that uncertainty is a constant shadow of their *licai* process. Nevertheless, because of *wunai* (the lack of better options), they find themselves attempting to use uncertain information to reduce uncertainty. *Gongxin jieceng* investors seek out safer and more reliable sources of information: turning from their friends to their bankers, from local to national media, from ordinary news to specialised financial news, from the television to the internet. They ignore their uncertainty and focus on the possibility – the hope – of return. It seems that many people are, like the old lady in *Life Without Principle,* disregarding their fears and putting their carefully accumulated savings into wealth management products in the hopes of making them grow faster.

Gambling and investment

In this chapter we have argued that chronotopes of risk and return in *licai* and *chao* map investors' relations to domestic and collective social orders, and that the information flows that structure investment depend on relations to friends, colleagues and bankers as well as to national media. To summarise these points we conclude with a comparison of chronotopes of risk and return in practices of investment (*touze*) and gambling (*du*), extending the continuum of *licai* to *chao* to *du*. Most of the mothers and grandmothers who spend mornings investing their savings at the bank also spend afternoons winning and losing small amounts of money with their friends at the *majiang* table. The differences between the explanations of risk and return, interest and rationality in bank-based *licai* and pleasure gambling reveal how these two practices of monetary risk taking map different relations between self, family and other spatio-temporal social units.

Gongxin people usually do not regard their *licai* behaviours as gambling (*du*), for several reasons. First of all, as mentioned in the previous section, *gongxin* people act as if the risks *and* uncertainty of choosing *licai* products can be diminished through information gathering and hence engaging in active media consumption. On the other hand, they often assert that gamblers (whether engaging in real casino gambling or 'playing' at *majiang*) can rely only on luck. In that sense, although the *majiang* game would be for Frank Knight a classic example of a situation with risk but no uncertainty (no unknown or immeasurable factors), for *gongxin* investors who also play at gambling, *majiang* is regarded as irreducibly uncertain (or, in Luhmann's term, 'dangerous' [see Luhmann 1993; Gershon 2005]). In many cases, winning at gambling, whether in games of skill or chance, is described as *peng yunqi* (running into luck). Although people rely on various types of skill and knowledge in gambling, no one is sure to win the game without magical power or cheating

Luck is sometimes acknowledged as an important factor in successful investment, as are extraordinary forces, whose influence is acknowledged in practices such as visiting temples or churches, burning incense, praying and consulting religious experts. In our fieldwork we observed older women paying to have their hands washed in magical oils by men dressed in Tibetan hats and vests; one claimed that a Buddha had whispered investment advice in her ear; another frequently read the Bible before managing her portfolio. But even those who participated in extra-scientific or *mixin* (superstitious) operations to maximise luck were inclined to emphasise the influence of information flows – channels of information – which might take the form of spending hours of the day watching and reading financial news (on television, online, in magazines), or might take the form of social relationships, including relationships with bankers and with friends, colleagues, spouses and adult children. Thus there is a difference between the forms of interaction and relationship that are relied on and re-created through the *majiang* table and the *licai* lobby. The event of play is socially and spatio-temporally discrete: it includes only those at the table for that hand, that round. In contrast, in drawing on a range of information flows, *licai* indexes a range of relationships, backwards and forwards in time, and across social, political and geographic space. Communication, both interpersonal and mass-mediated, transmits the information that investors rely on to reduce uncertainty and danger.

Second, most of our interviewees differentiate *licai* from gambling using two perspectives: rationality and the social unit. In many contexts *gongxin* people describe *licai* as a rational household behaviour. The member(s) of the family in charge of managing money will put aside their family expenses and savings for children's or grandchildren's education and engage in *licai* only with the extra money from their family income. Wealth management is concerned with the family fortune: a linear unit (if not a lineage) that is oriented not just to reproduction over time but also to vertical social advancement through education or economic success. Gambling, on the other hand, is an individual matter, not to be taken seriously, at least when people bet small amounts of money in games. Bets in *majiang* ranged from 1 to 10 yuan[9] in the games we observed. These women used only their own individual 'pocket money' for bets and describe the play as a social activity with friends. In theory, social betting games with friends have nothing to do with the family or its economic interests (although there are family conflicts over time and money lost to such play). The risks and benefits of betting on *majiang* or other games are regarded as temporally and socially circumscribed.

Third, most *gongxin* people would rather deny any connection between *licai* and gambling (*du*), which many regard as irresponsible and antisocial. Gambling was prohibited after liberation (*jiefang*), and the establishment of the People's Republic of China (see Festa 2006). Confucius considered gambling 'bad behaviour', and Mencius called it one of the 'five unfilial acts' (see Cheng and Zhang 2010). As one of the more conservative social groups in China, retired *gongxin* women would not agree that their *licai* investments or their small bets at *majiang* are as risky as gambling. *Licai* is regarded as a socially responsible behaviour, which in addition to protecting the family also contributes to social prosperity, in both private and civil sectors: in theory, at least, the money put into WMPs grows when companies and governments prosper.

Thus, *gongxin* investors distinguish gambling (*du*), small bets for play (*wan*), speculation (*chao*) and wealth management (*licai*) in terms of chronotopes of risk and return that are grounded in economic ethics relating to family, state and society. However, from a structural and historical standpoint, there are significant parallels between gambling and *licai*. Cheng and Zhang (2010) argue that the development of gambling in China has historically been related to four factors. First, they argue that government regulation determines the legitimacy of gambling behaviour. Historically, when the government wanted to increase financial resources for government revenue, it partially relaxed controls on gambling, even to the point of legalisation. Second, they argue that when social inequality is severe and a newly rich class emerges, gambling tends to flourish. The newly wealthy tend to want to make money 'with their extra money' and can afford to take risks. Third, when radical social changes occur and people are able to alter their economic and social status by speculation, gambling will be popular across the social spectrum. Lastly, Cheng and Zhang argue that community size affects the ecology of gambling. In Chinese history, gambling seems to happen most often in relatively small and tight-knit communities, in which people could easily set up inter-families credit and trusts.

These four factors also underpin the development of *licai* in contemporary Chinese society. Since China lifted controls on financial markets, state-owned banks and government agencies have benefited enormously from attracting people's money for infrastructure construction and other investments. This could happen only because people have additional income and are willing to speculate. In the early 2000s, when 'everyone' started to 'stir-fry stocks', some speculators radically improved their economic and social status. These speculator legends, whose stories are retold across financial media platforms, inspire more people to *licai*. Finally, community-based banks are not just important sites for *licai* as social practice but also serve as bases for social networks. Due to their frequent communications with clients (especially through mobile phones) and their reputation for reliability owing to their connections to the state, the bank branches have become the informational and operational centres for many small financial communities composing the whole *licai* market. In the *licai* lobbies, communities of friends, neighbours and coworkers share new forms of rationalised, profit-oriented social practice, parallel to the private credit associations that communalised financial interests in the late 1990s (Tsai 2000). In all these respects, *licai* operates very much like gambling

Conclusion

Along with their money, *licai* people bring their hopes (*xiwang*), their lack of choices (*wunai*), and their money to banks, with the wish to 'earn a little grocery money' and 'leave something to their sons and grandsons'. In so doing they feed the 'extra' money produced by their *jieyue* lifestyle into state financial institutions and local and multinational corporations. If they have lost money over the last four years, 'It is already lost'; there is always the hope that 'it will come back someday.'

Licai straddles the border between gambling and investment by generating chronotopes of risk and return that map self to family: the short-term needs of the individual or the immediate co-resident family versus the long term needs of children and grandchildren who are not yet born, even to parents who are not yet married. At the same time, as a mass phenomenon incorporating the 'whole nation', *licai* maps self to society. It produces an imagined community of *gumin*, the 'stock-investor people', that is described as representing the 'whole nation' (*quanmin*), although it is numerically and geographically much smaller than the total population of China. The practice of investment facilitated by financial news and banks contributes to the imagination of the market as a social order analogous to but different from local communities (*shequ*), the society (*shehui*), or the nation (*guojia*). As Shanghainese comedian Zhou Libo sang in a parody song in his 2009 show, 'Laughing through 30 Years (of Reform and Opening Up)':

> Listen to the sound of the tsunami (financial crisis)
> Sighing the stock-investor people's sorrow
> But still we haven't sobered up
> Is it that we can't understand?
> The ones who should sell don't sell, the ones who should run don't run
> We just go all in
> What kind of mood is this?
> *It's a mess*
> *Not two, not three*
> *An unspeakable feeling*
> (Applause) Thank you. Hope this song of mine can sing out the heart song of the stock-investor people, who are deep in disaster.

Notes

1 See Zhang 2010, Chapter 6 for an example of the relationship between chronotopes of self and family in relation to real estate: the apartment as an architecture for individualisation but also for family reproduction. Compare to Yan 2009, Chapters 4 and 7. Chu 2010, Chapters 6 and 7 provide an analysis of contemporary monetary exchanges across national (US/China) and spiritual borders in relation to family and individual interests.

2 In September 2005, the China Banking Regulatory Commission released 'The Tentative Management Policy for Personal Licai Business in Commercial Banks', which was considered to be the start of fast development of the *licai* market in China (Bank of China Business Association 2011: 2).

3 Note that in this slogan, as in the magazine title above, money is described as belonging to an individual: 'you', 'my'.

4 Meaning that many simultaneous causes are adduced, each of which would be alone sufficient to account for the behaviour.

5 For a summary of income increases in China over the last 10 years, see http://money.cnn.com/2012/06/26/news/economy/china-middle-class/index.htm. For a discussion of grey income see http://english.caixin.com/2010–08–12/100169983.html.

6 More text can be found at http://www.china.com.cn/news/2011–01/20/content_21780126.htm.

7 According to the *Financial Times*, many of the wealth management products or WMPs sold in state banks are investments in the 'shadow banking' system described by Kellee Tsai, which are in turn used to finance projects such as real estate developments. See Simon Rabinovitch, 'Uncertain Foundations', *Financial Times*, 2 December 2012.

8 The purpose of this policy was, first, to slow the increase in real estate prices; second, to encourage more people to invest their savings in houses; and third, to avoid potential

social conflicts resulting from a lack of housing supply caused by real-estate investors holding apartments empty (in response to low rents). Through this policy intervention, the government attempted to stimulate internal demand and avoid RMB currency stagnation.

9 One yuan roughly equals 0.16 dollar.

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14 Playing the market?

The role of risk, uncertainty and authority in the construction of stock market forecasts

Stefan Leins

From 2002 to 2008 the *Chicago Sun-Times* published an annual stock market forecast from 'investment expert' Adam Monk, a capuchin monkey. In 2003, Adam Monk's picks returned a profit of 37 per cent, in 2004, 36 per cent, in 2005, 3 per cent and in 2006, 36 per cent again (*Financial Times* 2009). The monkey's impressive performance not only kept up with the stock market's overall development, but also beat the forecasts of many well-known human analysts. In 2006 Adam Monk was unsuccessfully challenged by Jim Cramer, a 'star analyst' of the television network CNBC. In 2008 Adam Monk beat him again (a performance tracked by the Free by 50 Financial Blog 2009). Adam Monk became an infamous example of the risk and uncertainty attached to stock market forecasting and contributed to the re-popularising of the idea that stock prices develop randomly and cannot be predicted. In the debate between critics and defenders of stock market forecasting, however, one question has rarely been asked: Is it possible that stock market forecasting has a productive role in finance *even if* future stock prices are not predictable?

In this chapter, I will elaborate on two roles that make stock market forecasting – apart from the actual prediction of the future – important instruments of finance. First, I argue that, by forecasting stock prices, analysts create future 'reference points' (Luhman 1992) that enable investors to make economic decisions in the present. Fixing reference points in the future helps investors to deal with risk *and* uncertainty in a calculative way (cf. Beunza and Garud 2007). In doing so, I show that Knight's (1921) distinction between risk as something that can be quantified and uncertainty as something that cannot be quantified becomes less clear when applied to financial investing. The creation of stock market forecasts as reference points permits investors to deal with uncertainty *as if it was risk* – something that can be quantified. Second, I argue that for financial analysts and their host institutions, stock market forecasting represents a way to govern markets. Stock market forecasts are *performative*; they actively contribute to the construction of financial markets. As a result, financial analysts have the power to make markets. As I will show in this chapter, this power is deployed strategically. Financial analysts actively try to claim market authority in order to increase the probability of their own market forecasts materialising. The more investors believe in their forecasts and invest accordingly, the likelier it is that the predicted scenario will unfold.

In order to gain authority, analysts must ‘discover’ financial opportunities. The riskier and more unexpected an analyst’s call, the more authority he can gain should the predicted scenario materialise.

To create and legitimise stock market forecasts, financial analysts engage in a complex process that unifies calculative processes with elements of social interaction, interpretation and authoritarian appearance (Çalışkan and Callon [2009, 2010] refer to such processes as ‘processes of economisation’). These steps result in not only a future target price,[1] but also in a narrative that should convince investors to buy or sell a particular stock. The construction of these persuasive narratives – often called ‘strategic perspectives’ or ‘investment cases’ by the analysts – represents a key element of the financial analysts’ profession. Focusing on the importance of creating these narratives that enable the establishment of future reference points, I refer to them as *investment stories*.

The data I use were collected during 24 months of fieldwork among the financial analysts of a firm I shall refer to as Swiss Bank.[2] Swiss Bank is an internationally operating financial institution that is active in private banking as well as in investment banking. In the financial analysis department, nearly one hundred people spend their time analysing financial market developments and devising investment strategies. Financial analysts are subdivided into different groups with each group covering a particular financial asset class (stocks, bonds, currencies or commodities). My data, collected between September 2010 and August 2012 and derived from participant observation, active participation and informal talks, primarily refers to a team of about thirty stock market analysts.[3]

Predicting hef uture

Many financial market practices are backed by economic theory. This is, however, not the case for financial analysis. The question of whether analysts are able to predict future scenarios of stock markets has been disputed since the rise of modern finance. In 1973, Burton Malkiel published the book *A Random Walk Down Wall Street,* in which he argued that stock prices develop randomly and that the analysis of past developments does not enable analysts to foresee the future development of a stock’s price. As he wrote:

> Taken to its logical extreme, it [the random walk; author’s note] means that a blindfolded monkey throwing darts at a newspaper’s financial pages could select a portfolio that would do just as well as one carefully selected by the experts. (Malkiel 1985: 16)

In a little less provocative manner, Malkiel later theorised the idea of a random walk as the efficient market hypothesis (EMH). The EMH states that markets are informationally efficient, which means that all information that is publically available about a company is always already reflected in a company’s stock price, before an analyst gets the opportunity to make use of the discrepancy between a company’s estimated value and its stock’s market price (cf. Wansleben

2012). Malkiel's assumption of an informationally efficient market has opened a niche for neo-institutional economists and sociologists who have argued that informational efficiency is a myth. However, most of them have also agreed that stock market forecasting is problematic, since it involves not only risk, but also uncertainty (cf. Beunza and Garud 2007; Nee and Swedberg 2008). The differentiation between risk and uncertainty, as taken up by all economic schools, dates back to Frank H. Knight (1921), who stated that risk and uncertainty must be treated as separate categories in economics. As Knight famously argued, risk represents a measurable category and can be quantified by probability calculation, while uncertainty cannot be expressed in numbers at all. Even though Knight's differentiation between risk and uncertainty is today rarely challenged within academic economics, risk and uncertainty seem to melt into a single indistinct category in public discourse. Cassidy has criticised this lack of differentiation in popular uses of the term 'casino capitalism' (2009). The comparison is flawed, she argues, as casinos deal with calculable risk, while financial markets deal in risk as well as uncertainty. Surprisingly, a differentiation between risk and uncertainty is also not found in financial analysis. Among analysts, the division between risk and uncertainty dissolves during the construction of market forecasts. This blurring is deliberate: in order to be compelling financial analysts must present uncertainty as risk – as a calculable category. Here, Callon's (2007: 341) differentiation between 'confined economists' and 'economists in the wild' becomes apparent. Unlike the confined economists who are located in academia, economists in the wild refer to vernacular rather than academic theories to structure their activities. Financial analysts are a good example of such economists in the wild. Their approach does not derive from economic theory but can be understood as a productive mix of practical economic knowledge, market narratives, 'market feeling' and meanings which are produced by practice and interaction.

Financial analysts are storytellers. They create futures that are sold to investors to use to facilitate decision making in the present. As Luhman (1992) states, descriptions of the future are closely related to valuations of risk in general. In *Beobachtungen der Moderne* (Observations of Modernity) Luhman defines the aim to describe the future as an instrument to fix reference points that enable people to make decisions in the present (cf. Rabinow 2008: 57–60). To him, modern life is closely tied to the concept of risk, and due to this, the establishment of future predictions has become an important occupation in today's life (think, e.g. of the ubiquity of astrologers, fortunetellers and futurologists). In Luhman's terms, investors need stock market forecasts as a tool to fix reference points when deciding whether they should buy or sell particular equity shares. According to this argument, forecasts are important to investors, exactly because it is *not* possible to predict the future.

Luhman shows that the future (in the form of constructed reference points) and the present are mutually implicating. Developing this position, Zaloom (2004, 2009) explores the relation between risk and the future in the context of financial markets in Chicago. As she illustrates, risk taking significantly contributes to the construction of a financial future and should therefore be understood as a productive rather than a destructive force. Zaloom's discussion of present actions and concepts as processes that create the future complements the approach taken by a number of social scientists working outside the discipline of economics who have recently studied financial markets. Inspired by Michel Callon's introduction of the performativity concept in *Social Studies of Finance,* an increasing number of scholars have highlighted the importance of looking at financial markets as something which is not described but *performed* by economic ideas, concepts and ideologies (see Callon 1998, 2007; all contributions in MacKenzie et al. 2007; MacKenzie 2008). Hence, through their ability to set reference points, which investors use to estimate market risks and make investment decisions, financial analysts can perform markets. Here, the question of authority becomes vitally important. The more sophisticated the financial analysts' forecasts seem to investors, the likelier it is that they use them as reference points. And the more an analyst's forecast is used as a reference point, the greater the likelihood that this reference point will transpire. So by forecasting the future, financial analysts can contribute to the creation of the future. In the next part of this chapter, I will use ethnographic data to illustrate how financial analysts attempt to establish market authority, and how they deal with notions of risk and uncertainty during this process.

From information to meaning

A large part of the financial analysts' daily tasks is related to the collection and scaling of information, which serves as underlying data for the story they have yet to construct. Within the department, there are various sources that provide information from the outside world. Using these sources of information, analysts aim to produce meaning. In doing so, they adhere to a strict hierarchy of informational sources. The information is scaled on the basis of three requirements: timeliness, applicability and credibility (see Table 14.1).[4]

Analysts claim to use any kind of information to construct stock market forecasts. During my time with Swiss Bank, I indeed experienced cases in which analysts themselves looked at rather unconventional informational sources (e.g. home pages of nongovernmental organisations, roadmaps of political parties and sociological studies) in order to identify trends and generate forecasts. The use of such 'low-scale' information mostly occurred after less obviously 'economic' events, such as the Arab Spring, Fukushima, Occupy Wall Street or presidential elections. To interpret these events, analysts have to gather information outside their usual 'hunting ground' (for the framing of noneconomic data in the context of the Egyptian revolution, see Leins 2011). However, if available, analysts prefer economically framed information that can easily be translated into investment advice. Trying to optimise former stock market forecasts, however, analysts continuously integrate new or rescale existing information. After Fukushima, for

Table 14.1 The scaling of informational sources

	Timeliness	*Applicability*	*Credibility*
Academic journals	Slow	Very low	Very high
Academic literature	Very slow	Very low	Very high
Bloomberg financial data	Very fast	Neutral	Neutral
Bloomberg news data	Very fast	Neutral	High
Broker reports	Fast	Very high	High
Companies' home pages	Very fast	Neutral	High
Companies' statements	Neutral	Neutral	Very high
Newspapers	Fast	Low	Low
Online news services/Blogs	Very fast	Low	Very low
Other analysts	Fast	Very high	Neutral
Special interest magazines (e.g. *The Economist*)	Neutral	Neutral	High
Special interest newspapers (e.g. *Financial Times*)	Fast	High	High

example, analysts increased the weight of environmental considerations in their forecasts. After the Egyptian revolution, they tended to focus more on the legitimacy of governments. Here, Knorr Cetina's (2011) notion of a 'temporalized truth' becomes apparent among financial analysts. Unconventional informational sources disappear after a while, if they are perceived not to have impacted market development for a certain amount of time. So the 'truth' after Fukushima differed from the 'truth' of Mubarak's fall, and both were temporary. By scaling informational sources, financial analysts are constantly trying to optimise their investment stories based on the failure or success of previous predictions.

When asked to describe their job, analysts commonly began to explain a number of processes that take place within a very particular time frame: the reporting season. The term 'reporting season' designates the four periods within a year in which companies reveal their quarterly financial results. These seasons begin after the end of each quarter of the financial calendar and last for about one month.[5] Shortly before the end of each quarter, as well as in the following weeks, activity levels in the financial analysis department increase. During this time, no analyst is allowed to go on holidays, and being sick is almost unacceptable. All publically listed companies are required to publish a quarterly financial statement, which reveals the profitability of the company and, most importantly, the company's pretax income. Companies also normally announce potential dividend payments for the shareholders within this time frame. Quarterly financial statements provide analysts with numbers and ratios which they use to evaluate companies. There are various approaches to valuation, even among Swiss Bank's analysts. Some prefer complex metrics, such as the CFROI (cash flow return on investment), while others focus on the DCF (discount cash flow). The aim of all these approaches is to calculate a company's intrinsic value, which 'can be translated into short- and medium-term financial targets for operating and strategic value drivers' (McKinsey et al. 2000: 57).

Importantly, the increased activity among financial analysts during the reporting season is only partly based on the calculative evaluation of companies. Even though I frequently witnessed discussions about reported numbers and their implications for the valuation of a company, all analysts use computer programmes or prefixed Excel sheets for the calculation. These tools allow them to fill in the relevant numbers, and the calculation of the target price (a potential future stock price based on the current valuation) is done within a few minutes. The process of calculation is not only less time-consuming than might be expected, it is also considered as the least challenging process in stock market forecasting. At Swiss Bank this fact is reinforced by the division of labour: the calculation of target price is often delegated to analysts with lesser reputations. Calculations of target prices are often outsourced to KPO,[6] Indian analysts based in Mumbai, or to trainees in Zurich. While less experienced analysts fill in the numbers and do the calculations, the more experienced analysts engage in the interpretation and the construction of a persuasive story. Explaining his tasks, Michael, an experienced analyst, showed me how he engineers the estimations and sometimes even the numbers reported by the company in order to come up with a target price that matches with a good story. As he told me, he normally already has an expectation of how the price will eventually develop before he sees the current financial data of a company. If the numbers the company reports support this feeling, he is happy with that. If not, he takes a closer look at the numbers reported by the company and applies different metrics to see whether the use of a different calculative approach changes the target price to match his original feeling. Reported numbers are important for the present valuation of a company. However, the most important task of the experienced analysts is to match the reported numbers to a story that 'makes sense'. This creation of numbers-based meaning is the central activity of experienced analysts during the reporting season.

Beunza and Gurad (2007) have conceptualised financial analysts as 'frame-makers'. Drawing on Callon's claim that 'the assumption that actors never calculate [. . .] is as unrealistic as the contrasting neoclassic position that market actors always do so' (2007: 19), the authors identify financial analysts as creators of calculative frames (replacing less agentive notions such as 'calculators', 'imitators' and 'information processors'). Calculative frames refer to the cognitive and material infrastructure of economic calculation and the ways in which analysts accord meaning to information. The activity of frame making is indeed a good description of the financial analysts' activities and points in the same direction as the notion of fixing future reference points. However, as I experienced during my fieldwork, analysts rarely work with poorly framed information themselves. They do help to develop calculative frames – but so do financial journalists, computer programmes specialised in market information or the analysed companies themselves by publishing quarterly financial statements. To understand financial analysts, frame-making activities must be seen as interlinked with the activity of scaling information in a very particular way. Analysts do not simply frame unframed information. Often, their main task is to decide how to scale pre-framed information. In doing so, they can decide which information they want to develop and which they want to ignore. Wansleben (2011) has emphasised this legitimising and stabilising function of financial analysts. During the development of calculative frames, financial analysts have the authority to decide which information they use and which they choose to ignore. Financial analysts have to create a convincing story about how a stock, a business sector or a market might develop in future. As I showed earlier, when quoting Michael, they often develop such investments stories *before* they engage in the interpretation of large data sets.

As I observed during my fieldwork, numbers don't tell stories; numbers are used to *reinforce existing* stories. One mode of interpretation that has a significant influence on financial analysis is 'market feeling' (an indigenous term used by my research participants; cf. Zaloom 2006). Market feelings derive from affect, narratives and past experiences. Financial market activities are organised around risk. To take risk in the present means to possibly be financially rewarded in the future (Zaloom 2006). Among financial analysts, the notion of risk produces actions and ways of thinking about success and failure, which is very similar to gambling, where risk is an equally important driving force (cf. Loussouarn, Chapter 15 in this volume). In order to create an expectation of how stock prices will develop, analysts stick to strategies which they believe help them to 'outsmart' the market. They seek patterns that can be recognised and used in ways that increase their own opportunities. Loussouarn (2010: 210–214) describes a very similar kind of seeking for patterns among Chinese casino gamblers who aim to outsmart the bank. Similarities between financial market and casino activities also become apparent when listening to the language analysts use: markets are 'played', stocks are 'bet on'. The language that depicts analysts as gamblers is also part of many broker reports that are written by analysts for analysts. However, expressions borrowed from gambling are never used when talking to clients or nonanalysts, since it detracts from the image of expertise and sophistication that they wish to portray. As a result, there is a large gap between the language used among analysts and the language used to communicate analyses to nonanalysts.

To support market feeling, financial analysts rely heavily on mnemonics. They repeatedly told me that the most important rule of becoming a good analyst was to stick to an overall strategy. This overall strategy is never a specific calculation, metric or way of calculating but is based on mnemonics such as 'the trend is your friend' or 'buy low, sell high' (the same mnemonics are apparently used by traders to discipline their 'trading selves'; see Zaloom 2004: 378). 'The trend is your friend' stands for the strategy to always try to benefit from current market trends, regardless of long-term trends. 'Buy low, sell high' is a saying of the well-known investor Warren Buffett and has become a popular mnemonic among analysts. In contrast to 'the trend is your friend', 'buy low, sell high' stresses the importance of not getting distracted by short-term trends that don't reflect the analyst's original expectation. These mnemonics are simplistic: their aim, according to my research participants, is to prevent analysts from being 'tricked' by the market. Having such a strategy enables analysts to think of risk and uncertainty as the same category. Here, mnemonics offer a bridge between economic calculation and the 'market feeling' that represents all incalculable elements of stock market forecasting.

Analysts also invite comparisons between gambling and investment by betting with one another. In doing so, they underline their belief in their own 'market feeling'. Most financial analysts agree that there are components in stock market forecasting that cannot be calculated. To become good analysts, they thus have to create environments in which they can test expectations and develop a market feeling. They do so by betting against each other or by trading stocks themselves. An analyst's own investment activity is of course problematic and therefore legally restricted by Swiss Bank. However, analysts have a hostile attitude toward this restriction and argue that their own participation in the stock market is an important way to develop and hone feelings for the market. Frank, a senior analyst who first introduced me to financial analysis, was convinced that all analysts should invest in the stock market themselves. He argued that 'participating in the game' was the *only* way to develop a feel for the market.

From prediction to authority

Analysts like to use large datasets for their daily work. However, perhaps surprisingly, apart from the calculation of the companies' intrinsic values, the processing of large numerical data becomes a central task only once an investment story is already constructed. Financial analysts refer to this process as 'data mining' (cf. Mars 1998: 77–81). For this process, analysts make use of publically available data sets (e.g. from the United Nations and its specialised agencies) or of data that are provided by financial services such as Bloomberg or Thomson Reuters. These services provide data that go beyond the numbers that are used to calculate the value of the company. Using Bloomberg, for example, analysts can look at a company's financial data (such as earnings, growth, dividends paid), a company's structure (such as the number of employees or shareholders) or a company's news flow. Also, they can assess data about the regional and industrial environment in which the company operates. Potentially, analysts have virtually unlimited amounts of data to 'mine'.

Data mining is a way in which analysts reinforce their investment stories and establish market authority. Numbers are used in very specific ways that support the analysts' stories. During the data mining phase, creativity and the establishment of authority become much more important than critical evaluation. Once a story is established, analysts tend to ignore any data that contradict their opinion, while highlighting data that support it. This approach is partly reflexive. Analysts acknowledge that it is hard to predict the future and focus on telling a 'good story' rather than using data to construct an investment story. Christian, a stock analyst who covers pharmaceutical companies, once explained to me that it is possible to construct a sell or a buy recommendation for any company. It just depends on the data an analyst uses to embellish and support the story. Looking at a stock price forecast for a clothing company, for example, the analyst might mention

Figure 14.1 Information waiting to be interpreted: Bloomberg standalone station at Swiss Bank's financial analysis department.

the growing sales volume during a particular period of time (2, 5, or 10 years, whichever fits best). Alternatively, an analyst can look at the number of new shops opened by the company, the number of licenses given to the company to open shops in so-called emerging markets, the company's increasing sales volume in a specific country, and so on. Beyond sales volume and market penetration, the analyst can also refer to the temporal development of the number of employees hired by the company. This development can be framed in either a positive or negative way. A trend that indicates a growing number of employees can underline the argument that the company expands its business (the positive case) or be used to claim that the clothing company has to deal with growing expenditures (the negative case). Analysts spend much time on deciding on what investment story they want to tell to clients. Good investment stories are essential. To tell such a good investment story, experience is crucial. The story must not appear to be far-fetched, but must still be creative and surprising. To create such a story, analysts combine their knowledge of the audience with data and market knowledge and link it to a broader perspective on future economic development. A good investment story is the most significant element to get the clients' and traders' attention. During my first month at Swiss Bank's financial analysis department, I participated in a number of workshops that aimed to introduce the various activities of the department's teams to new employees. In one of these workshops, Sam, a young analyst of the technical analysis group, introduced the focus of his team. Technical analysts, in contrast to fundamental analysts, exclusively focus on stock price developments and their visual representations (for a sociological account of technical analysis, see Preda 2007). During the workshop, Sam presented a number of historical cases where technical analysts beat the department's fundamental analysts in terms of forecasting future stock price developments. When a participant in the workshop asked why, then, Swiss Bank hires thirty fundamental analysts but only three technical analysts to do stock market forecasting, Sam replied: 'Clients and traders want to hear a story. This is what we cannot deliver to them. Even if our forecasts are better, fundamental analysts have the advantage of being able to tell a story.'

The process of mining data is closely linked to the task of presenting the data in a compelling way. Analysts rarely use data without visualising them. Charts and tables are essential elements of stock market forecasting and, according to my participants, follow a very specific rule: they should not be too easy to understand (this would challenge the analyst's status as an expert), nor should they be too difficult to understand (the client may not be convinced of the case to invest). Charts often represent developments based on time series data. As in the data mining process, visualisation needs to be creative and authoritative rather than critical. Engineering data sets in order to come up with persuasive charts is not seen as problematic by analysts. They know that the investment story communicated is not strictly based on the data and their visualisation: they cultivate a creative approach to make charts convincing. This ability is highly respected. Every time an analyst publishes a company report, other analysts discuss the included charts. In doing so, they rarely question the substance and use of the data, but compliment the analyst on managing and visualising data in a persuasive way. The handling of visualised information among financial analysts shows that the primary aim of mining data and constructing charts is to establish authority. This motive becomes even clearer when looking at publications by financial analysts. These are not simply a constant flow of information, made available to clients. By selecting which perspective is brought forward to other market participants, analysts influence investment decisions by choosing the reference points they decide to communicate to each party.

Market authority is established not only by constructing stock market forecasts, but also by the effective communication of these forecasts to clients, managers and the public. Stock market forecasts are communicated in various different ways (see Table 14.2). Around the time that companies report their quarterly numbers, financial analysts normally publish a company report, containing the reported numbers, an updated target price and an updated investment recommendation. Between the quarterly reporting seasons, analysts publish such company reports only in case of a larger event or significant news flow about a company. Company reports are about three to four pages long and contain a narrative, two to four charts and a table of detailed numbers about the company. While the narrative and the charts aim to reinforce the analysis, the reports' main titles and subtitles serve to direct attention. Financial market participants are inundated with information from various sources. Asset managers, for example, receive about twenty to fifty emails per hour. Many of them are deleted without being read. To avoid this,

Table 14.2 Form and investment applicability of financial analysts' output

	Form	*Investment applicability*
Direct investment advice (buy, hold, sell)	Online	Very high
Client meeting and client call	Oral	High
Swiss Bank magazines	Online, print	Low
Swiss Bank internet page	Online	Very low
Common interest newspapers and TV interviews	Oral, print	Very low
Special interest newspaper and TV interviews	Oral, print	High
Newspaper and journal contribution	Print	Very low
Email newsletter to stakeholders	Online	High
External presentations (academia, conferences)	Oral	Neutral
Company report (2–3 pages)	Online, print	Very high
Sector report (4–5 pages)	Online, print	Very high

financial analysts have to work with what they refer to as 'sexy' titles and 'catchy' bullet points that excite recipients. Being read and recognised is of great importance, since it increases the impact of forecasts on the market as well as reputation. At Swiss Bank, analysts are evaluated by the number of reports they publish as well as by the number of recipients that read them. Strikingly, when assessing the financial analysts, team managers look not at the historical performance of the forecasts created by an analyst, but at the number of times a company report is downloaded in Swiss Bank's intranet.

Stock market forecasts are not only communicated in written form. They are also brought forward to managers and clients via phone, via emails and in meetings. Here, analysts often underline their expertise and the associated authority through their physical appearance. Financial analysts conform to strict dress codes to distinguish themselves from other bankers. It is particularly important to them not to be confused with traders. Therefore, analysts wear only black or dark grey suits. Light grey or beige suits are ascribed to traders. Cufflinks and expensive watches, on the other hand, are associated with client advisors, which is why financial analysts normally do not wear either. The creation of distinction between classes or social groups through clothing styles, as described by Bourdieu (1979), is a subliminal process that is normally not actively discussed among the financial analysts. However, if an analyst does not adhere to this particular dress code, which aims to emphasise the analysts' sober expertise, this normally subliminal process becomes a subject of debate. During my stay at Swiss Bank, for example, a young trainee joined the financial analysts' department directly after completing his master's degree. In the first week, he came to work in the financial analysis department wearing cufflinks and designer suits. Just a few days after his arrival, the trainee's way of dressing became a subject of discussion among senior analysts. During lunchtime, they rhetorically asked each other why the trainee chose to be in the financial analysis department ‘since he prefers to dress like the client advisor’.

Beyond their communication with the bank’s own stakeholders, analysts also try to place their market opinions in the public domain. Becoming part of the public discourse helps analysts to use their epistemic authority to shape opinions in a nonmarket setting. During fieldwork I observed how team managers continuously stressed the importance for financial analysts to engage with the media. To financial analysts, giving interviews to journalists is more than a friendly gesture. Being present in the media helps financial analysts to gain market authority. Inside the financial analysis department, public appearances of colleagues were always discussed and appreciated. To increase their reputation and exercise authority, many analysts try to establish network connections with journalists. Immediately after the internal publication of larger investment reports, analysts normally write to these journalists, advising them of the new report. If they succeed in getting the journalists interested in the report, they then try to get them to cite it in their publications or to interview the authors. The analysts’ interest in becoming part of the public discourse is based on two factors: first, they can reinforce their role as experts by being present in local, national and international media. Second, by broadcasting their own forecasts, they increase the chance that their investment story is integrated into a broader discourse which then helps the story to materialise.

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In this chapter, I have outlined how risk and uncertainty dissolve into one category in stock market forecasts. By constructing forecasts, financial analysts fix reference points that allow investors to deal with risk and uncertainty as a single category. The existence of market forecasts support the assumption that uncertainty – which is closely linked to the unknown future – can be calculated. Analysts appear to be alchemists who turn uncertainty into risk, thus allowing investors to be pure economic actors who do not have to engage with uncertainty but can make decisions based on risk. Financial analysts are motivated to create such reference points by two factors. First, they act as service providers to clients who look for market forecasts to decide how to invest in financial markets. Second, the establishment of reference points enables financial analysts to influence markets. Predicting the future enables them to actively shape the future. If an analyst’s constructed investment story is perceived as sophisticated and credible by other financial market participants, they will invest their money according to the analyst’s forecasts. In doing so, they will influence the stock market in a way that supports the analyst’s prediction. Stock market forecasting can thus be understood as an ongoing quest for market authority.

In addition to their roles as service providers and market designers, in Swiss Bank, financial analysts are also regarded as *entertainers* who generate management fees by giving investment advice. In 1960, the average holding period of a stock listed at the New York Stock Exchange was eight years. This figure continuously decreased during the last 50 years and in 2010 was six months (Harding 2011; Saft 2012). The dramatic decrease of the average holding time is partly caused by the increasing volume of trades settled by high-frequency trading programmes. However, it also reflects the success of financial analysts who constantly re-create new future visions for investors. The availability of stock market forecasts has resulted in a change in temporality and an increase in trading activities that generate fees for the analysts' host bank (cf. Dreman 2002). As entertainers and storytellers, financial analysts are not only a relatively recent but also a very powerful and well-paid group of actors within modern finance.

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Notes

1 A target price is an estimated future price of a particular stock. Analysts use different calculative and cultural approaches to define the target price. On a calculative level, the estimation of the target price depends on the method of valuation they choose to use (e.g. a model based on cash flow return on investment (CFROI) or discount cash flow (DCF)). On a cultural level, the estimation of the target price is influenced by the 'market feeling', the interpretation of data and social interaction.

2 Swiss Bank is a pseudonym I use in my academic writings. The use of this pseudonym allows me to write freely about my fieldwork without directly exposing the identity of the institution that acted as my host.

3 Stocks are units of ownership of an incorporated company. They are sometimes also referred to as securities, stock shares or equity shares.

4 Sometimes originality becomes a fourth requirement. By using information that has not been used by other analysts, analysts can promote their forecasts as unique and creative.

5 The financial calendar is divided into four quarters. After each quarter, listed companies publish their quarterly financial results. The first quarter (Q1) is from January to March, the second quarter (Q2) is from April to June, the third quarter (Q3) is from July to September and the fourth quarter (Q4) is from October to December.

6 KPO stands for knowledge process outsourcing and represents a measure to reduce costs at Swiss Bank. Swiss Bank's KPO financial analysis team consists of almost thirty analysts placed in Mumbai. Those analysts are well educated and often hold a chartered financial analyst credential. However, they earn about half the salary of financial analysts based in Switzerland.

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15 Spread betting and the City of London

Claire Loussouarn

In spring 2010 the spread betting company City Index launched an advertising campaign targeting London commuters on the Waterloo and City line and encouraging them to 'Trade whatever, wherever, whenever.' Next to this tagline, the images to promote City Index's first application ('app') for the iPhone suggest the user will benefit from the flexibility to place bets no matter what else he is doing at the time. In the centre of the picture, shown in Figure 15.1, a handheld iPhone displays a list of market assets and their prices or movement in graphs. In the background are three different scenarios shot from the perspective of an imaginary user: a pair of feet covered by white sand while a whale jumps in the sea; two ski ends and a lift handlebar riding up a slope; and a child wearing a blue helmet lying on the grass with his small bicycle upside down, looking straight at the user betting on his phone. Each background has a short description: '1.45 p.m. whale watching', '1.30 p.m. on the slope', '12.30 p.m. bike ride with Henry'. Although the pictures are restricted to times spent outside the office, the message is clear: there are no limits to how, where and when trading in financial markets may be performed. A second message is implicit: trading with real-time prices via an electronic platform is no longer restricted to professional traders working for financial institutions; it is now within the reach of anyone with an internet connection via a computer, tablet or smartphone.

At the time of the campaign, City Index was engaged in an 'app race' to enter the iPhone users' market ahead of its competitors (Gibson 2011). The point was not, as many companies claimed, to be the first but to remain technologically attractive as the app version of a spread betting platform was becoming must-have paraphernalia of the online trader. By providing trading platform technology to the individual trader at home, spread betting companies entice private investors away from traditional stockbrokers and pension funds schemes into what they market as a new paradigm of trading, where 'you are in control.' Since the technology of electronic trading has been brought by the internet to the houses of private investors at the beginning of the millennium, spread betting has boomed. From two major companies at the end of the 1990s, there are now about a hundred registered names, according to the Financial Service Authority (FSA) register.[1] Among these was one was briefly owned by a bookmaker, and some have been added to the list of investment products offered by certain British banks.[2]

Figure 15.1 City Index advertisement campaign for its iPhone app, March 2010.

Competition to squeeze the 'golden goose of investment' (Griffin 2011) is fierce and dominated by a few big firms, among which IG is well ahead, with 44 per cent of the UK market share (Investment Trends 2012).[3] Since 2002, the company has reported regular and impressive growth. In May 2012, it registered a net trading profit of £366.8 million (IG Group 2012), up from £32.5 million 10 years ago (IG Group 2002). Started in 1974 as a bookmaking business IG provides a surprising success story for a betting product in the City of London.

Historically, the City has worked hard to distance itself from betting and gambling which conventionally denotes excessive risk taking as opposed to the sober patriotism of investment. In that landscape, spread betting is a rather unexpected feature. How was this unlikely marriage arranged and developed to become an integral part of London's financial services? In contrast to the way financial institutions and actors usually work hard to differentiate their engagement with risk from gambling (see Leins, Chapter 14 in this volume; Randalls, Chapter 12 in this volume; and Chumley and Wang, Chapter 13 in this volume), in the City Index ad, the principles of spread betting are brushed over as natural, self-evident and unproblematic: it is simply trading. Rather, the emphasis is placed on technological development and its potential as a tool of empowerment. Because spread betting profit imploded at a time when electronic dealing was changing the face of the city, its presence in the City of London often reads as a story of technological innovation made accessible to all via the democratic internet. Such a narrative, I argue, overlooks the fact that spread betting had existed for 35 years prior to this boom and also underplays the central role that regulation played in its development. In this chapter I describe how spread betting is a type of 'gambling' which has been shaped by the City of London and its regulatory environment.

Contextualised by the common misconception 'that new institutions or new technologies are born naked into the world; that they emerge into a legal vacuum, where they remain untouched by law until the legal system responds with regulation' (Banner 1998: 2), this chapter instead argues that spread betting wasn't simply spontaneously invented, but rather was the result of the productive interstices between financial and gambling regulations. Unlike exchanged-traded derivatives

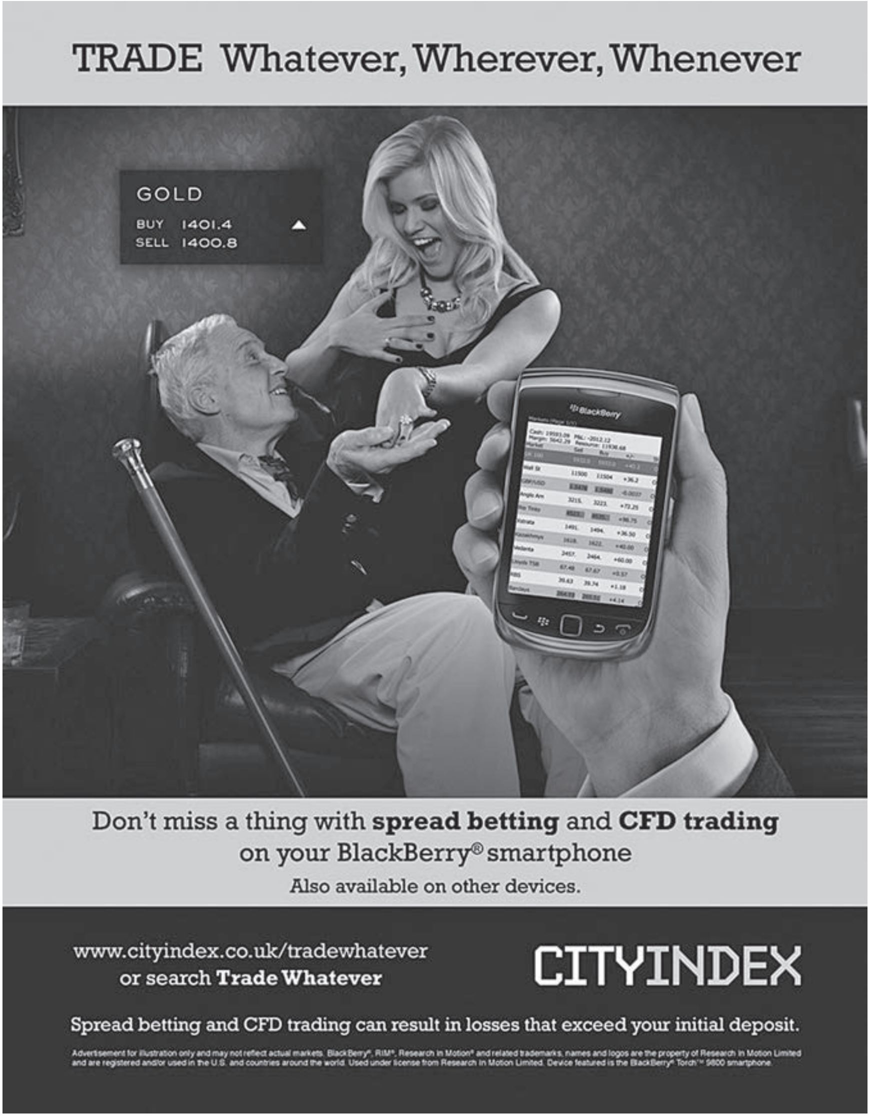

Figure 15.2 In February 2011, City Index launched a second advertisement campaign with the tagline 'Trade Whatever, Wherever, Whenever' with three different backgrounds depicting interactions with women while trading on a smartphone.

(see MacKenzie 2007), spread betting was not intentionally designed to answer market needs; it flourished in a more opportune manner. As such it provides a revealing instance of how morality has shifted from Victorian times to encompass g mbling as a productive activity. This is noticeable in the way that spread betting contrasts with the bucket shop, the Victorian stockbroker and antecedent of its business model which fell into disfavour.

Before spread betting, bucket shops provided a new type of trading business: customers didn't buy or sell shares but instead entered a betting contract against them that the price of a stock would go up or down. Facing growing concerns in Victorian times to redraw the line between gambling and speculation, bucket shops were condemned and slowly disappeared, as part of the process that legitimated the London Stock Exchange and their speculative practices (Itzkowitz 2002). My objective is not to reexamine why bucket shops disappeared or to wonder whether spread betting is the modern incarnation of its predecessor (De Goede 2005: 83). Rather I use the story of the bucket shop and its decline as a useful point of reference from which to appreciate the legitimate place that the spread betting industry has come to occupy in Britain today and how the interaction between finance and gambling regulations is productive to manufacturing new kinds of risks.

This chapter forms part of a wider ethnographic investigation of the spread betting industry in the United Kingdom. Much of the data used here is based on historical sources and oral history interviews with key individuals in the spread betting industry. It is also more widely informed by the larger set of data I have obtained by interviewing lawyers, spread betters, institutional traders, employees of spread betting companies, and gambling and financial regulators. My data was greatly enhanced by a month-long period of fieldwork in the offices of a spread betting company. This experience enabled me to compare the various ideas about spread betting that I had gathered during interviews, with its everyday practices.

Bholat (n.d.) has demonstrated that thickly descriptive ethnography conducted under the contractually limited conditions of fieldwork offered to anthropologists by financial firms risks remystifying reality instead of illuminating it. Participant observation alone did not produce a sufficiently critical framework through which to study spread betting and related financial services in the City of London. In this chapter, I therefore adopt a historical approach to complement my contemporary data. Historical data help to create a critical tension between, on the one hand, the way that economic theory presents markets as functioning uniformly and naturally and, on the other, a past which has been purposefully forgotten because it reveals the social construction at work behind this powerful image. Using a historical approach allows me to ask anthropological questions about the work of finance now. In that respect, the anthropological 'other' and its heuristic function haven't disappeared: 'as digital technologies develop, the "other" is ourselves and the way we used to live in the past which we no longer remember'.[4] In this chapter I excavate the bucket shop as the 'other' necessary to illuminate the significance of spread betting companies in the financial landscape of the City of London.

The bucket shop: from speculation to gambling

In the United Kingdom, concerns have been voiced since the 2008 financial crisis that we are descending into an era of 'casino capitalism'. Gambling has become a demoniac metaphor with which to denounce the way big financial institutions and their meddling with credit default swaps (CDS) brought about a worldwide economic collapse. Post-crisis discourses take a moral tone and urge us to avoid similar slippages. They call for proprietary trading to be less risky, separated from the rest of the banks' activities, give banks less leverage and seek to shackle what is perceived as a risk culture in financial organisations. New regulatory measures are sought which take reckless forms of risk out of financial investment to purify financial services from the contamination of gambling practices. Oblivious to a long history debating where the line between good and bad speculation lies (Banner 1998) and whether banking and other financial activities are gambling (Miers, Chapter 3 in this volume), there is a sense in the tackling of this latest economic crisis that 'this time is different' (Reinhart and Rogoff 2009) and that disreputable elements of risks will be appropriately segregated from the activities of finance. It is not the first time, nevertheless, that such a debate on how to cleanse financial markets from the pollution of gambling has taken place in Britain. The early history of the London Stock Exchange was marked by fragile tension when dealers of stocks and shares had to regularly defend their business against accusations of speculation. The short historical episode of the bucket shop, its arrival and its fall into disfavour as a gambling activity, which I will now describe, played a central role in delineating this uncertain border and thereby legitimising the London Stock Exchange as an institution fit to carry out productive business. Historically, we can see that the tension between gambling and finance has always been a part of the City of London.

Although later recognised to be of different nature by British courts, the business models of the bucket shop and the London Stock Exchange were both born out of the same trading practices, those of speculating on future prices. Speculating on an item's future value for a profit, as with the price of grain, was practiced and morally condemned long before the invention of stocks trading (Banner 1998). Stocks and shares, however, took speculation to another level. Because stocks, unlike other tradable items, were not consumable and could be resold once bought, they created new opportunities to make profit and speculate on the future (Banner 1998: 30), and therefore to manufacture new kinds of risk for trade. By the late seventeenth century, speculative transactions known as futures contracts, for which the sale or purchase of a stock was settled on a date in the future, had already taken shape (Banner 1998; Houghton 1692; Morgan and Thomas 1971: 60; Murphy 2009). Brokers of futures contracts quickly worked out that they didn't even need to transfer or own any stocks, reducing speculation to a pure transfer of cash (Banner 1998: 28). It became common practice to settle contracts simply by paying the difference in shares price between the dates it was bought and settled, a practice which was legally referred to as 'contracts for difference' (Pooley 1926; Stutfield 1884). Because stock ownership wasn't exchanged, only cash, contracts for difference functioned in practice like betting.

Although the use of speculation was justified by practitioners as being productive and useful to the economy, it was equally condemned for being deceitful, nonproductive and disturbing to the social order (Banner 1998). Criticisms were particularly acute in times of severe economic slowdowns where explanations for downfalls were vigorously sought (Bowen 1993). At times when market falls were felt everywhere, restrictions or bans of these practices were considered more seriously. In 1734, for example, following a sharp decline in the market, Parliament voted in the first of a series of bills which aimed to suppress speculative practices. The Sir John Barnard's Act of 1734 banned options of all kinds, any settlement by price difference and selling stocks that one didn't own. Despite strict measures, the act was ineffective and speculative contracts continued to be carried out on a regular basis. In practice, this meant that brokers were left unprotected by the law against the risk of their clients defaulting (Banner 1998: 106; Morgan and Thomas 1971: 63). Over the years, it became apparent for some brokers that more regulation rather than less would help them against this pitfall while facilitating the development of profitable business. They turned to the creation of rules and their following to defend their practices and as such gradually institutionalised their businesses as the only legitimate organisational spaces where trading could take place.

Dealers could register as brokers with the Lord Mayor but they found in practice that the authority of the city brought little support and improvement to their profession while burdening them with fees (Morgan and Thomas 1971: 65). Concerned with this effective lack of protection and with the detrimental effects it had on business expansion, some brokers decided it would be more efficient to self-regulate (Stringham 2010). In 1762 a group of 150 brokers formed an exclusive membership club at Jonathan's coffee house, one of the most frequented on Exchange Alley. The club then purchased a building in 1773, renamed New Jonathan's, and later Stock Exchange, and enforced the strict application of rules and regulation by each member (Bowen 1993; Morgan and Thomas 1971; Stringham 2010). The development of the Stock Exchange as a 'self-policing club' (Stringham 2010) implicitly excluded other brokers who were not members from the trading which was taking place at the exchange. This created an inevitable divide between members and nonmembers of the Stock Exchange otherwise known as 'outside brokers', or by their more popular name, 'bucket shops' (Morgan and Thomas 1971; Pooley 1926). When the practice of brokers being licensed by the Lord Mayor was finally abolished in 1886 (Rees 1972), bucket shops were left in a difficult position. They were neither part of the London Stock Exchange, nor were they otherwise licensed.

This situation was exacerbated by the disruption brought by the ticker tape in the 1870s, which helped outside brokers to reinvent their businesses by providing them with direct and immediate price information as it was taking place on the exchange itself (Pooley 1926). Relying on stock prices created greater distance from market exchange. It meant that instead of dealing on behalf of the client, bucket shops automatically took the opposite side of the trade, acting more like a bookmaker. Their business model and accessibility (they required relatively small stakes) was attractive to a fast-expanding new type of customer: the popular investor who, since the 1840s, had become more numerous in England (Preda 2001). Not being members of the Stock Exchange meant that bucket shops benefited from more freedom of action as to how they should run their businesses. Bucket shops could, for example, advertise, and did so aggressively, whereas members of the Stock Exchange were strictly prohibited to do so by the rules of the exchange

(Itzkowitz 2002; Morgan and Thomas 1971: 141; Mortimer 1761). However, basing their business on stock prices delivered by the ticker made bucket shops dependent on the goodwill of the Stock Exchange to supply such information. In 1894, ticker machines were removed from bucket shops' premises under pressure from the Stock Exchange, impairing dramatically the business of the bucket shop (Itzkowitz 2002).

The Stock Exchange and bucket shops were competitors in a booming market, that of forecasting and trading futures prices. Although speculative contracts had been banned in 1734, they were continuously practiced in Britain for two centuries, which meant that in Victorian England 'virtually all transactions on the Exchange were what we would now refer to as "futures"' (Itzkowitz 2002: 131). In 1860, this status quo had become fully acknowledged: the Barnard's Act was repealed and speculation was now a legitimate business. The bucket shops and the Stock Exchange were able to profit in a new open marketplace where trading could occur in a legal framework while building different business models. However, savvy customers became aware of a different piece of legislation, the Gaming Act of 1845, which made wagering contracts unenforceable by law. While financial regulation had opened the floodgates of mass speculation, gambling regulation provided a tool for defaulters to avoid paying debts incurred on a speculative contract. In lawsuits, canny debtors presented their transactions with brokers as wagers (Stutfield 1884).

In an era characterised by moral judgements about unproductively gained wealth, bucket shops found themselves inconveniently associated with gambling by British courts, whereas the Stock Exchange was regarded as partaking in 'proper' commercial transactions. The difference was nebulous, and the fluid associations of each kind of investment were dependent upon the social capital their producers could summon. Although courts didn't dispute that speculative contracts were wagers within the meaning of the 1845 Gaming Act, they argued that when those contracts were transacted by members of the Stock Exchange they constituted a genuine commercial transaction (Itzkowitz 2002; Stutfield 1884). Contracts on the London Stock Exchange had an alleged *intention* of delivery, which was deemed sufficient to make it of a commercial nature, irrespective of whether delivery was actually taking place. Behind those court judgements lay the same concerns which gradually banned off-course betting[5] at the time: to protect the public against the dangers of 'hunting after wealth without labour' (Wilson 1905: 33). Opposed to the utilitarian and patriotic role of the London Stock Exchange, laying a bet with a bucket shop came to portray the evil side of speculation: a 'social canker' which was described to ravage the public into 'fraud and loss' (30). Such moral condemnations were implicitly disapproving of social mobility and of the means which promoted it. Gambling earnings, which the bucket shop was bundled up with, were perceived as morally dangerous: they had the potential to transcend the hierarchy of social class by stripping the landowner and mercantile classes off their wealth and property and pass it on to individuals from lower classes (Miers, Chapter 3 in this volume). Stigmatised and confined to being an illegitimate way of earning money, bucket shops had no legal protection to recover monies owed by their debtors and as such they were forced to go bankrupt or to operate 'in a state of marginal respectability' (Itzkowitz 2002: 123).

Financial speculation acquired legitimacy during Victorian times against the backdrop of gambling activities deemed unproductive and valueless by the British legal system. Through gambling regulation, Victorian society sought to contain social and moral order in British society. In the process, gambling regulation played a fundamental part in the development of the City of London. As the term 'speculation' began to lose its moralising appeal, restrictive gambling legislations such as the 1845 act provided a new rhetoric of normalisation. The portrayal of bucket shops as gambling was fundamental in justifying the use of speculation for profit. It is no surprise, then, that when gambling regulations later became more permissive to the point of recognising gambling as a fully productive activity for the economy, the Victorian divide between speculation and gambling eroded. It is in this productive interstice that spread betting emerges as a successful business model.

A marriage of convenience

The interaction between gambling and the City of London, commonly conceived of as destructive or critical, can also be configured creatively. The successful development of spread betting as an established and profitable industry in the city has occurred within this creative paradigm. At first, however, this process, epitomised by the leading company IG, was not entirely predictable. Sam, who has worked in the industry since 1987, is still amazed by its growth. 'I never would have thought a spread betting company could have three floors, 15 offices worldwide. It is entirely beyond what I could ever have thought.' How could Sam have imagined this when his friends never really considered his job in a spread betting company a 'proper' job? 'You're not really in the financial market, really', they would remind him at dinner parties. The same disdain applied when Sam tried to move from spread betting to other jobs in the financial world. Wherever he went he was always a 'risk manager, not a trader.' Although Sam feels this distinction has not left him until now, new recruits in spread betting companies, especially the big ones like IG which have forged a name as financial institutions in the City of London, do not feel they're entering a pariah industry anymore. Entering a graduate scheme at IG is just another way amongst others to carve a career in the financial world. Unlike for the new crowd of spread betting employees who have been trained within the industry, Sam's experience echoes the industry's historical association with bookmaking.

Indeed, although spread betting companies are now registered as financial institutions with the FSA, when they first came into existence they did so by registering as bookmakers under the 1960 Betting and Gaming Act. The first step in relaxing decades of restrictive legislation on betting, the act was predominantly meant to allow off-course betting. Inadvertently, it also created opportunities for all sorts of other gambling ventures, among which casinos flourished like weeds (Miers 2004: 87–89) and spread betting made a small and discrete entrance.

Arthur Levinson, a stockbroker, and his partner, Freddy Cheshire, spotted an interesting business opportunity in this regulatory change. In 1964, with the financial backing of Joe Coral, one of the leading bookmakers of the time, they set up a spread betting company which offered punters to bet on the movement of the FT30, and later in 1967, the Dow Jones (Dick 1971).[6] The company was registered as a bookmaker under the name 'Coral Index'.

From its inception, spread betting merged the worlds of betting and trading since it was a form of betting on sports informed by trading practices in the stock market. The principles of spread betting were not new to traders of the London Stock Exchange, who already used it as an informal way of betting on football matches to kill time when the market was quiet.[7] In that respect, spread betting opened up the world of traditional betting to new possibilities. For the founders of Coral Index this system had other virtues: once identified as a *bookmaking* business, it offered the opportunity to trade and speculate on future prices in a more flexible regulatory framework. In comparison to the conditions of futures trading at the time where transactions cost were high, purchasing stocks on credits and short-selling limited (Mackenzie 2006: 142), gambling regulation allowed both stockbrokers and their customers to take more risks for potentially more reward. Spread betting offered a trade in futures-like contracts without the constraints of market exchange and with the important distinction that the company was always the counterparty of the bet, like a bookmaker. In its early stages, spread betting was a clever device to bypass the constraints of financial regulation while operating within regulation and the law.

Unlike the unexpected mushrooming of casinos as a result of the 1960 gambling legislation, the arrival of spread betting companies remains a fairly unremarked upon event. Not only was Coral Index without competition for another 10 years, but it apparently had no ambition to conquer a wider market and offer affordable ways of trading to those with more modest wealth. It was in that respect quite different from contemporary aspirations of conquering a mass market, as exemplified by the City Index advert described in the introduction of this chapter. According to its earliest producers and customers, spread betting was a small and close-knit world. Garnering clients from among city workers and wealthy entrepreneurs, an elite group with capital and expertise in the market, at its inception and during its early period this world resembled a g ntlemen's club. Inevitably, there weren't many individuals to track down who had been there at its inception.

Far away from the grey clouds of the City of London and welcoming me into his residence in the south of France, Jonathan Sparke was anxious to remember anything about it at all. Enthusiastic, though, to plunge himself back to those decades of stimulating business, he gave an account of the inception of spread betting that was clear-headed, vivid and abundant. Forced into an early retirement because of health problems in 1997, he missed the technological boom and the huge expansion of this industry. His career began early on, though, with negotiations to set up a spread betting company with Ladbrokes in the 1970s. The venture didn't work out but Sparke joined Coral Index in 1979 and later cofounded City Index in 1983. Throughout our interview, he communicated the thrill of a pioneering industry in the making, full of possibility and uncertainty, a Wild West of its time.

In strong contrast with the current income of IG, the early days of Coral Index weren't as profitable as its licensed status promised. Being a bookmaker, although it potentially meant making more profit than a traditional stockbroker, also involved more risks. Coral Index learnt this in a costly manner quite early on. Hoping that most customers in the long run will lose, the company was betting against their customers and their ability to forecast the movement of the FT30. In practice, the company was vulnerable to the potentiality of many clients being right at the same time. Inevitably, Coral Index hit a bad run when the stock market went up and when they had taken on lots of up bets, losing their original capital. Freddy Cheshire dropped out and Arthur Levinson remained to run the business on his own until the company was sold to Ladbrokes in 1981, to be finally acquired by IG three years later.

Joining Coral Index some years after the bankruptcy, Sparke was unimpressed by the untapped potential of the business. He recalls Coral Index as a rather loosely managed business without much drive. 'It was very small, everything was done on the telephone and it was very unprofessional really. I mean they opened half an hour after the stock market, they closed for lunch, and they finished business at 5.30 P.M., even when they were trading on the Dow Jones which was trading till 9 o'clock. So it was a very amateur business.' The sale of Coral Index to Ladbrokes drove the business into bureaucratic inertia as the new owners tried to control the greatest risks of the business. As a mathematical wizard wishful to develop his career, Sparke rapidly lost interest and formulated other ambitions for spread betting. In 1983, with Chris Hale, another employee of Coral Index, he left to found City Index, interested in providing innovative ways of trading and betting. The company took off with the backing of Refco, a leading futures broker in Chicago,[8] which saw in spread betting an opportunity to make a 24-hour market in Standard & Poor's stock index futures for its American clients from London, a project which was never achieved. While Sparke was pushing the boundaries of the product, Stuart Wheeler, who founded IG in 1974, was more interested in a viable business model where risk was managed in a profitable manner.

Going up in a private lift to his Soho penthouse, merely his town address – his main residence being Chilham Castle, surrounded by 320 acres of land – I felt the financial success of IG in a rather tangible manner. Though courteous and charming, Wheeler didn't hide away from the difficult beginnings of IG: 'When we started in 1975 it didn't work.' An expert bridge and poker player, Wheeler had noticed with interest the existence of Coral Index but followed up in a different manner. He provided bets on gold rather than on stock indices; IG (Investor Gold) hoped to benefit from a speculative boom on gold, but by the time they entered the market they had missed their opportunity. Despite this bad timing, IG developed from the start solid risk management which was instrumental in making the business model of spread betting viable and the marriage of bookmaking and stockbroking a happy one.

IG had found an efficient way to insure against the risk of clients winning their bets: it mirrored their bets in trades, literally buying or selling in the futures market whatever customers had bought or sold as a spread bet. Called hedging, this trading technique had been used to justify the existence of futures markets: it allowed farmers to insure themselves against the risk of a bad harvest and of prices going down (Hardy 1923: 223–235). Since IG sold and bought spread bets at a higher price than the price at which gold was traded in the London market, it just had to pocket the difference, a form of commission referred to as the ‘spread’. This business model became increasingly relevant with the growth of the futures markets, which was extending the array of markets companies could offer to their customers.[9] It also grounded spread betting more firmly into the trading community of the city, its tools and its culture.

With the growth of the futures market, spread betting was moving away from its status as licensed bookmaker and seeking to align itself with the rest of the futures industry. The liberalisation of the city known as the Big Bang provided a particularly welcoming regulatory environment. The financial regulation of 1986, intended to facilitate the futures market, also created opportunities to legitimise spread betting as a financial product. In 1982 when London finally opened its first futures exchange (LIFFE),[10] there were growing concerns that futures contracts and their resemblance of gambling was a potential impairment to business (Kynaston 1997). The main threat came from the Gambling Act of 1845, the same act which brought about the downfall of the bucket shop, since it could potentially interpret that a futures contract constituted a wager and therefore was unenforceable by law. To avoid this, and after lobbying by the futures industry, when the Financial Services Act of 1986 was drafted, a clause was inserted to specify that no contract which constituted investment business within the meaning of the act could be rendered ‘void or unenforceable’ on the grounds that it was a wager. The new act came into effect 1 October 1987, just days before Black Monday.

During the crash, the market moved in massive drops, which meant many customers owed a lot of money to spread betting companies. Many of them couldn’t afford to pay it or didn’t want to because their debts were grossly larger than they had imagined their exposure to be on the basis of all previous experience.[11] As Sparke described, ‘We won on paper a lot of money because the punters were long’ but this also meant that ‘we had to pay a huge margin call to hedge the market which we hadn’t got’. The main problem was that despite a lot of money owed to them, they couldn’t dispose of it quickly enough to top up the deposit money which was needed to keep their positions with the futures markets. Despite being timely, the act couldn’t save the only two spread betting companies at the time, IG and City Index, from immediate bankruptcy. Both companies had to find creditors to cover their losses without delay.

Once the storm had passed and the two companies had restarted their businesses, City Index saw an opportunity in the new legislation to get spread betting recognised as a financial instrument. In 1991, after selecting a suitable case, Sparke and Tony Wollenburg, a lawyer who was also chairman of City Index, sued one of their defaulters. Recovering debts was a means to an end since they had to argue that spread betting was an investment under the meaning of the act to demonstrate that debts incurred as a spread bet were enforceable by law. They won the case, which is now known as *Leslie* vs *City Index*. Beyond the fact that they could now recover customers' debts, they also had established in courts that spread betting was not a betting product anymore but a productive commercial transaction which was to be regulated by the FSA. Distancing itself from its gambling roots through the British legal system, spread betting had graduated to full membership of the City of London, status which was fully acknowledged in subsequent legislation.[12]

At this time, the industry had an opportunity to rename itself and distance itself from a potentially embarrassing heritage. However, another feature of the regulatory landscape created doubts as to whether cutting links altogether with betting was desirable. Being a betting product in the city had an important advantage in comparison to other form of investments, an advantage that Wheeler had spotted early on as he was struggling during the rather unsuccessful beginnings of IG: 'I had noticed that some of our clients, a small number of clients who made money were getting it free of tax.' To this day if the spread better wins the bet his earnings are not taxed,[13] whereas if he makes the same 'bet' as an 'investment', he has to pay capital gains tax on any profit.[14] As such it remains a hugely effective way to bypass taxation for successful traders, and a huge selling point for the spread betting companies. When in 1975 Wheeler was struggling to get IG off the ground, he used the tax-free aspect to attract customers. Benefiting a rather small number of customers in practice, the minority of those who win bets, it nevertheless offered a great marketing tool for the industry. In the face of a growing and more accessible futures markets, the tax-free element became the latest raison d'être of spread betting, making it uniquely attractive as a product to consume, sell and tax [15] About 20 years later, when spread betting was recognised as an investment, the industry wasn't sure whether this more respectable ad hoc situation (a risky investment taxed under betting duty and not just a betting product in the city) was worth maintaining. Spread betting didn't remain without a debate, and the industry was once more managing flexible and porous regulations to its best interest.

From the time when the industry was fully recognised as a financial service, the reference to betting in the name became seen as more problematic. As a result, IG was wondering whether to keep the reference. The word 'betting' was perceived as hindering an extension of the market to a wider audience. In the end, it was decided that the tax advantage was too good to be lost in case the Inland Revenue questioned the lack of reference to betting. The industry was also benefiting from the growing and dynamic OTC (over-the-counter) market led by investment banks,[16] which could easily be merged with the spread betting business model and as such provided a respectable alternative. In the 1990s, banks reinvented contracts for difference as a flexible investment which didn't require exchanges of ownership in shares, inadvertently providing spread betting companies with the opportunity to offer spread bets on individual companies and contracts for difference (CFD) as alternatives to spread bets to their customers. CFDs were technically spread bets without the tax-free advantage.[17] CFDs' more respectable image widened the spread betting model to those reluctant to trade with a product too obviously associated with betting.

IG's choice to keep the name of spread betting was also facilitated by the fact that gambling was being recast as socially acceptable. Changes in public opinion reflected, and were affected by, the creation of the National Lottery in 1994 and by the political direction of the time which was moving towards a liberalisation of gambling as well as other markets. Following the 2005 act gambling was presented as a legitimate leisure activity with little danger for the wider population since officially, as reported by the gambling prevalence study of 2010, only 1 per cent or less of the British population qualified as problem gamblers (Wardle et al. 2010). When the Gambling Act took effect on 1 September 2007, it also ended 162 years of unenforceable gambling debts. The new gambling legislation sustained spread betting's connection with gambling, providing a welcome framework for tax immunity as a betting product while financial regulation provided respectability as an investment.

Conclusion

Entrepreneur/commentator in public media about consumer issues and marketing Justin Basini didn't come out of the Waterloo and City line convinced that he should open an account with City Index and install their new app on his phone. As he wrote on his blog the same day he noticed the ads, he felt on the contrary that the campaign conveyed the wrong message encouraging trading during times which should be dedicated to leisure. When and where spread betting should be carried out, and not the fact that spread betting exists, are what Justin questions. Of course, this doesn't mean that spread betting can't be in other circumstances portrayed as mere gambling: so can trading, banking, insurance and other forms of financial services in the city (Miers, Chapter 3 in this volume). As the episode of bucket shops in Victorian England clearly demonstrates, the moral condemnation of certain financial transactions as gambling and its development through regulation and law cases were devices that also leant legitimacy to the London Stock Exchange. Bucket shops were a sacrifice to accepting speculation as a productive commercial activity.

Shifts in the social significance of gambling are not inevitable, spontaneous or unmotivated. The 2005 Gambling Act and subsequent legislation and select committees cast gambling as a legitimate leisure activity, but this shift is partial and reversible, as the regular 'exposes' of gambling excesses in *The Daily Mail* show. Regulatory divides between gambling and finance, while seeming to withhold and exclude advantages, as in the case of the bucket shop, can also be productive. Spread betting companies have taken advantage of such opportunities in the interstices of gambling and finance. I have demonstrated in this chapter that spread betting *is* a kind of 'gambling' in its own right, culturally, historically, technologically and legally shaped by the City of London, in the same unique way that machine gambling has been normalised as the dominant form of gambling in Las Vegas by advances in technology and shifts in regulation from prohibition to harm minimisation (Schüll 2012). This marriage of convenience between gambling and finance unveils the other side of the story and how, contrary to Manichean calls for separating so-called incompatible natures, the relationship of gambling and finance is productive where manufacturing, selling and consuming risks is further enhanced under a double legal framework, that of trade and leisure. It tells us how both financial markets and the gambling industry are fundamentally engineered to produce risk, and to immerse individuals in the act of forecasting the future.

More importantly, it highlights that the moral denunciation of financial practices as ‘gambling’ and so-called ‘casino capitalism’ merely obscures the extent to which risk is manufactured as a product for consumption. In a recent House of Commons report (2012), the government stated that commercial gambling is of productive value rather clearly: ‘Gambling is now widely accepted in the UK as a legitimate entertainment activity. While we recognise the need to be aware of the harm caused by problem gambling, it seems to us that the rather reluctantly permissive tone of gambling legislation over the last 50 years is now an anomaly.’ On an equal footing with trading in the stock market, gambling has become a legitimate productive activity, bringing £5.8 billion of revenue in 2012 to the British government (Gambling Commission 2012), and empowering individuals within the gambling industry to make and distribute large personal fortunes; in 2001 Stuart Wheeler made what was, and remains, at £5 million, the largest single donation ever made to a political party in the United Kingdom. Gambling might look unproductive when examined from the perspective of gamblers who are for the most part technically fated to lose in the long run, but it is undeniably and officially productive for the governments who create legislation, tax and regulate, and the gambling industry, who find ways to maximise their profits in these changing landscapes. The latter is inseparable from the former, since tax, as it was distinctively described to me by the retired executive of a spread betting company, is a ‘percentage of how much the client loses’.

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Notes

1 A majority of the registered names with the FSA are run as white labels by a small pool of spread betting companies marketing their technology and expertise. Technically the services offered are the same as that of the producing company, but on the public interface it is rebranded to the client company’s trademark.

2 The bookmaker Ladbrokes used to offer spread betting to its customers via Worldspreads from April 2010 till March 2012, when Worldspreads’ activities were suspended for fraud. Barclays, which added spread betting to its range of products in 2006, and Halifax in 2011 both renamed it ‘spread trading’. Natwest and RBS both ceased to offer it in 2012 after more than four years of activity.

3 Investment Trends is a financial services market research company which carries out every year a syndicated survey of the spread betting industry in the United Kingdom using a core sample of 12,000 traders.
4 Extract taken from the lecture notes of Martha Poon from a lecture given at the London School of Economics.
5 Antigambling legislations in Victorian England were intended to curtail betting taking place outside the racecourse (off-course), and therefore among the working class. On-course betting, which was the prerequisite of the upper classes, was on the contrary preserved and spared from the restrictive tone of those legislations, creating a regulatory divide in terms of class (Miers 2004: 249–270).
6 The FT30 is the first UK stock index. Constituted of 30 prominent British companies chosen as representative of the UK economy, it was designed by journalists of the *Financial News* in 1935 to provide a numerical value of the equity market in Britain. It became disfavoured when the FTSE100, a joint venture of the Financial Times and the London Stock Exchange, was launched in 1984. The Dow Jones is a US stock index. Started in 1896 by Charles Dow, the editor and cofounder of the *Wall Street Journal,* it originally represented the dollar average of leading American companies.
7 Information obtained from my interview with Jonathan Sparke, about whom I speak more later in the text.
8 Refco was the leading US commodities futures broker until it went bankrupt in October 2005.
9 The history of IG and its development into new markets very much reflects this. In 1976, IG Index extended its business beyond gold to all commodities traded in London since at the time only commodities had futures markets (Rees 1972). In 1979 with the end of exchange controls, IG could now offer bets on the movement of American markets since it could hedge on the US futures markets. In 1981, betting was made available on the FTSE and Dow Jones indices following the introduction of stock index futures in America.
10 London International Financial Futures and Options Exchange (LIFFE).
11 Spread betting is a leverage product, which means the wins and losses can surpass many times the original stake.
12 The Financial Services and Market Act 2000, section 85.
13 Before 2002 spread betters only had to pay a 25 per cent tax on the amount of the wager itself. With the changes in betting duty in 2001, customers lost the obligation to pay a tax at the time they placed their bet. Instead, it is spread betting companies which incur a fairly low tax liability as bookmakers of 3 per cent on 'net stake receipts'. This cost, similarly to how the previous 25 per cent tax was paid, is indirectly passed on to the customers by absorbing it into the spread, that is, the interval difference at which the firms buy and sell contracts to customers.
14 In 1965, capital gains tax was introduced by Chancellor James Gallaghan introduced capital gains tax to stop people avoiding income tax by switching into capital, and before then, since 1962, a short-term capital gains tax had already been in place.
15 Despite that being tax-free is a promise of more earnings for traders, they are not the ones who benefit from the situation. Because a greater number of spread betters lose and can't offset losses against capital gain tax as spread bets (although they can do so with other investments), the Inland Revenue gets a more steady source of income than if spread betting wasn't free of tax on earnings. Tax revenue also comes from the corporation tax paid by spread betting companies as a percentage of their profits and therefore is indirectly paid by spread betters.
16 Simply saying, trading which is taking place between two parties without the supervision of an exchange (off-exchange).
17 CFDs are stamp duty free but not exempt from capital gain tax.

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