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by bill finley

LESS RACING. LESS GLOOM. LESS DOOM.

It has been another week of gloom (Turfway scraps Kentucky Cup) and doom (wagering off $519 million through first half of 2010) and more gloom (Hollywood cancels another card) and more doom (Mace Siegel throws racing leaders under bus). It gets a little tiresome, especially when the solution should be obvious to anyone who understands the most elementary economics, and yet the industry doesn't do what needs to be done.

Even with the game suffering through another down year in which handle is likely to dip by about 8 percent, there will still be nearly $11.3 billion wagered on horse racing in this country in 2010. With about 20 percent of that total retained by the industry through the takeout, racing's net revenue will be around $2.2 billion. That's a lot of money and it indicates that the demand for the product we are selling is still relatively robust. The problem is the supply-there is way too much racing.

This sport is at a crossroads. It can either continue to do nothing and wither away as racetracks go out of business and savvy gaming company executives begin to win their obvious campaigns to convince the politicians to allow them to rid themselves of the burden of horse racing. Or it can take decisive and dramatic action and fix the problem by cutting the supply. And that doesn't mean a few less race dates here and there or eight-race cards instead of 10-race cards. It means a drastic overhaul of the current set up and a reduction in the amount of racing dates nationally by at least 50 percent.

Last Saturday, Youbet accepted wagers on 31 Thoroughbred signals and, of course, a bunch of harness tracks and a handful of Quarter-Horse tracks. Those 31 tracks ran 290 total races. Considering the economy and the slumping handle figures that come out month after month, that's an insane number that no rational person could justify.

The problem is that an abundance of races doesn't grow the slice of the pie, it only changes how many slices there are. With the exceptions of May and November, when Triple Crown and Breeders' Cup events swell the amount that is bet on racing in this country, racing fans and horseplayers pretty much wager the same total month to month, somewhere between $900 million and $1 billion.

In January, $917 million was bet, but it was a time of year when the amount of product was relatively light. There were 346 racing cards in January, which averages out to $2.65 million per card.

In June, the amount of product available increased to 600 cards, or a 73-percent increase over the number of programs run in January. Yet, handle increased only to $935 million or $1.56 million per card. While the amount of betting product increased dramatically, the total wagered went up by less than 2 percent. More isn't more.

Suppose only 10 racetracks or racing circuits operated in June. That's still far more than most racing countries have, including places like Hong Kong and Japan where handle numbers and purses are astronomical and the game is much healthier than it is here. They might run a combined 60 cards during the month. The same $917 million or so still would have been bet, yet it would have been divided up in a manner that those 10 tracks would be thriving beyond anything this sport has ever experienced.

The average handle per card would be $15.3 million. That would mean profitable racetracks, the type of purses where owners could actually make money and the type of racing that bettors covet. With fewer opportunities to run, every race would be packed with 12 horses or more.

It's already a proven model. Here's the latest out of Monmouth, where a vastly reduced racing schedule has resulted in $1 million a day being paid out in purses and the best gambling product in North American racing: The Jersey Shore track is averaging $7,611,990 a day in all-sources wagering. That's an increase of 119 percent over 2009 numbers. At a place where horsemen, management and gamblers are all ecstatic over how the meet has gone, Monmouth has been racing's No. 1 source of good news in 2010.

Yet, contraction is a dirty word to many in the sport, primarily among the smaller stables that aren't blessed with quantity or quality. Nobody wants to put anyone out of work, but the only alternative may be that some day everyone in the business will be out of a job because the sport can't keep going this way. Besides, I doubt very much that anyone trying to get by with a three-horse stable racing at Finger Lakes is making much of a living anyway. This is how businesses work. The strong prosper and those who aren't cutting it have to move on to something else.

The process has already begun. Turfway has cut its upcoming fall meet from 20 to 16 days, the Texas racing calendar has been reduced and, of course, New Jersey racing has cut its total dates in half and will no longer conduct what had been a dismal meet at the Meadowlands.

It's a start, but way too little. Obviously, there aren't enough horses in Southern California to run 12 months a year and even four days a week. Saratoga will always be special, but not quite as special this year. Because they still race six days a week there and have added four days to the meet, Saratoga is going to offer a very un-Saratoga like racing product and the magic is sure to start wearing off. There will probably be a lot of short fields and there will definitely be a lot of cheap races.

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The first condition book includes a $10,000 claimer for non-winners of two lifetime and $20,000 maiden claimers. That's still better than most places, where fields of five running in conditioned claimers have become an everyday part of the sport.

Some steps are obvious. NYRA needs to run five days a week in Saratoga, four days a week in the spring and fall and it needs to get rid of winter racing. The Northern and Southern California racing circuits should become one. There needs to be far less racing in the Mid-Atlantic region, where tracks like Laurel, Pimlico, Delaware Park, Philly, Penn National and Presque Isle need to create a circuit.

Do we really need racing at Hawthorne in frigid February? Why don't more tracks copy the boutique meet blueprint that is working so well and run 20-day meets with huge purses?

The natural forces of economics will continue to create less racing, but the natural forces of economics don't always apply in horse racing because of slot machines. The subsidies have thrown things out of whack and have kept open dozens of racetracks that otherwise would likely be closed. Some, like Philly Park and Charles Town, never shut their doors.

To really achieve what needs to be done is going to take bold leadership, like what transpired in New Jersey, and it's going to take cooperation from horsemen's groups. They are the ones that have to come to realize that serious contraction is the only viable solution to what ails this sport and that it is time to look out for the greater good.

The sport of horse racing can and should be great in this country. The interest and the betting dollars are still there, but the way the sport is presented is all wrong, a formula for continuing disaster. It has to be fixed.

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