

CAGNY “broadsides” for legislators May 2012-early June 2013.

The twenty-three documents compiled here were prepared for distribution to all legislators, to be on a weekly basis while the legislature was in session. The suggestion came from The Rev. Duane Motley, a CAGNY Board member. He was succeeded as Chief Executive of New Yorkers for Constitutional Freedoms by the Rev. Jason McGuire. We are very grateful indeed to NYCF for the whole concept (per Duane); for having printed >250 copies of 17 of these and getting them out to the door boxes of legislators Tuesday after Tuesday, thanks to Ernie O’Dell; and to Jason for advice on format and timing.

The twenty-three documents (not counting the letters by recovering gamblers that accompanied two of them) were mostly written by me. Joel and I wrote the summertime letter that was sent by US mail to all legislators at their home offices. A CAGNY board member arranged for, and helped edit for length, the two personal narratives. Three broadsides were supplied by a friend who wishes to remain anonymous, then slightly reworked for CAGNY: the Fast Facts one (Jan 22) , and the two on Domestic Abuse and Violence that went out Feb 5. The two-page Grinols data set was amended slightly with his permission for CAGNY use from one he had sent us the year before.

The objective of the broadsides was to present as regularly as possible to harried legislators a one-page quickly-readable look at one or another facet of the argument against the amendment. Nearly all carried the color banner of CAGNY, which Jason had urged is necessary for “branding.” How many were read carefully by legislators and senior staff we will never know, but as the spring went on we found that most people said they seen saved at least some.

We tried to vary the topics, while cleaving to the central message that the hidden quantifiable socioeconomic costs of predatory gambling far outweigh its touted “benefits” as an “economic engine;” “aid to education;” “job creator.” We emphasize that it’s not just the problem gambler that gets hurt, that in fact the sum of misery is greater for the people who surround the gambler and used to, or still, trust that gambler as he or she steals or diverts their money.

I hope CAGNY members and friends can get ideas from these to turn into letters, handouts, notes for an interview, whatever chance you get. Nothing is copyright. Take whatever you want and pass it along verbatim or rewritten by you. Exception: one of these, “Central Statistic,” got into enough papers as letter to editor that if you want to re-use as is or a long quote identify its origin please; alternative: rewrite in your own words, better yet.

A list of the broadsides follows. It is not in chrono order of handout day. I got WORD annoyed and could not insert some pages in the right place.

May 2012 costs >> benefits

June 2012 jobs

July 2013 (by US mail) cover letter and narrative by recovering gambler

Jan 9 2013 New York’s people are not expendable

Jan 16 cover letter ( 8 persons affected per PG) and narrative by another recovering gambler

Jan 22 Fast Facts (checklist format)

Jan 20 Grinols summary sheet two sides many references

Feb 5 Domestic Abuse (with picture) and Gambling Causes Child Abuse

Feb 12 two themes: > 8 persons hurt / problem gambler (one estimate is 17) and lack of enabling language to vote on

March 5 Central Statistic (50% revenues form 4% of pop), used for many letters to editors incl. NY Daily News, Pok J, Legisl Gazette thanks to Dr. Arnie Lieber

March 26 Jobs, table format

June 11 has not gone out yet: 2 statistics revisited with update

Mid-May Five arguments (my favorite one-page summary)

March 12 façade of prevention

April 23 Personal freedoms: govt; does not urge people to smoke

Ap 30 Parable of the St Bernard

May 14 Predatory gambling does literally rob someone: gamblers' families and friends and associates

May 21 Economic Activity is not economic development

June 4 Assets for Sale

June 11 2 stat revised

June 18 2013 Home rule

On the web site <http://cagnyinf.org> you will find about 25 posts, mostly by me or Dave Colavito. Some were boiled down into a broadside. Feel free to draw on these too. Most are longer than a broadside, but you can take notes.

Stephen Q. Shafer MD, MPH

24 June 2013

[ CAGNY banner omitted to save space]

May 29, 2012

The quantifiable socioeconomic costs of new commercial casinos in New York State would outweigh the socioeconomic benefits by threefold.<sup>1</sup> These costs include judicial administration; loss of productivity; and abused dollars.<sup>2</sup> They do not include ruin of family and business relationships or suicide, to which no money value can be assigned.

Most of the social costs of legalized gambling move through the 4 % of American adults who are either addicted (“pathological” or “compulsive” ) or problem gamblers. About half of revenues at an average casino are losses by this 4%<sup>3</sup> who make up less than 1/10 of customers.

For the high revenues their owners expect, casinos depend on this 4%. They must create or capture enough addicted and problem gamblers from the adults of their drawing area to hold the 4% figure steady in its population. They need replacement pathological gamblers.

If half the revenues to casinos are from addicted and problem gamblers, then half the tax money paid by commercial casinos comes through that 4 % of sick individuals. Unless born millionaires, many of these people cheat their families and associates for the money or turn to crime. Families and associates suffer almost as much as the gamblers.

Addicted and problem gamblers are the product and the fuel of the predatory gambling industry. When a government depends on “tax via gambling,” it is as invested as the gambling industry in a non-shrinking supply of addicted and problem gamblers.

Government and the gambling industry say they don’t want anyone to develop problems, do want addicted and problem gamblers to recover. What for-profit business sincerely hopes to drive away the customers who provide half its gross revenues?

1. Grinols, Earl L. Gambling in America: Costs and Benefits. Cambridge Univ. Press, 2004, pp 175-6, 189-195.

2. “Abused dollars” = money for gambling got under false pretenses from family, employers, employees or friends

3. Grinols EL, Omorow JD Development or Dreamfield Delusions: Assessing Casino Gambling’s Costs and Benefits. *J. Law and Commerce* 1997: 16 (1) 49-87

June 5, 2012

**Opposition to proposal to amend Article I Section 9 of the  
State Constitution, to Permit Commercial Casino Gambling**

Posting and filling job titles new to a locality does not necessarily mean that casinos bring a net gain of jobs, *improving the well-being of all residents*. The emphasized words here define true economic development,<sup>1</sup> as distinct from phrases often substituted for it, such as “economic activity,” “job creation,” “economic engine,” or “growth.”

*A casino may not create jobs, just shuffle them. If there is a regional net gain (unlikely but possible) it imposes new burdens of education, housing and social services. These must be addressed in any full cost-benefit analysis.*

Earl Grinols, Distinguished Professor at Baylor, is one of many economists to note that positions at a casino will often be filled by workers attracted from another nearby employer.<sup>2</sup> In Iowa, for example, the new Prairie Meadows “riverboat” casino hired away in one week of the 1990s seventy of the 104 nurse’s aides at a nearby long-term care facility, causing a crisis there.<sup>3</sup> Unless someone is poised to step into every post left by the casino’s raiding, the casino can hurt, even kill, other businesses without taking on a single previously unemployed resident. Professor William Thompson of the University of Nevada at Las Vegas said in 1998 “We cannot conclude that the gambling industry adds jobs or taxes to society” ... “The benefits of gambling in terms of jobs cannot be multiplied ... the only multiplier is negative”<sup>4</sup>

Many positions will be filled by out-of-towners who had been working elsewhere in the region. This does not create a new job in the region though it seems “new” to the host town. Arrivals will load the host community or nearby municipalities with needs for rental housing, education, and social services. Commuters from nearby will not spend much of their earnings in the host town. Construction jobs are not permanent. Building a large non-urban facility will require that some if not most of the workers come from away. Local contractors may be overlooked for big jobs.

Local unemployment is seldom helped much by casinos. In Atlantic City in 1999 (twenty years after casinos came) unemployment was 12.9% (versus a national rate of 5.8%<sup>5</sup>), though casino-hotels built since 1977 had about 50,000 employees. Nevada has recently had the highest unemployment rate of all states. Grinols and Omorov found little improvement in Iowa counties that could be attributed to the casinos.<sup>6</sup>

<sup>1</sup> Earl K. Grinols, *Gambling in America: Costs and Benefits* (Cambridge University Press, 2004), pp. 55-62.

<sup>2</sup> *Ibid.*, pp. 72-74.

<sup>3</sup> William Witt, at National Gambling Impact study Commission hearing, Chicago, May 20, 1998. To see Rep. Witt’s comment go to <http://govinfo.library.unt.edu/ngisc/meetings/may2098/p220520.pdf> and scroll down about nine pages.

<sup>4</sup> William Thompson, <http://govinfo.library.unt.edu/ngisc/meetings/10sept98/thompson.pdf>

<sup>5</sup> Harriet Newberger, Federal Reserve Bank of Philadelphia,

[http://www.phil.frb.org/community-development/publications/cascade/70/05\\_poverty-in-atlantic-city.cfm](http://www.phil.frb.org/community-development/publications/cascade/70/05_poverty-in-atlantic-city.cfm)

<sup>6</sup> Earl Grinols and J.D. Omorov, “Development or Dreamfield Delusions?” *Journal of Law and Commerce*, Fall 1996, pp. 49- 87.

[CAGNY LETTERHEAD omitted to save space ]

July 31, 2012

Sent by US Mail to each NY legislator individually at District Office

As you know, Governor Cuomo has proposed to amend Article 1, section 9 of the State Constitution to authorize “up to seven” commercial casinos in New York State. Early next year the Legislature will deliberate second passage of the bill to amend. If the amendment were again passed by the Legislature and then approved by the voters in a statewide referendum, the new casinos would create tens of thousands of new pathological gamblers, and scores of thousands of new problem gamblers. Legislative leaders in 2012 have not even hinted at this societal disaster except to acknowledge that state funding for treatment and prevention ought to be increased from its current sub-minimal level.

July 30 starts “National Responsible Gaming Education Week,” under the aegis of the casino gambling industry. The very concept of “Responsible Gaming Education,” as a compassionate undertaking by the gambling industry, is a sham. The American casino industry, according to authoritative estimates,<sup>1</sup> draws 40% to 50% of its revenues from pathological gamblers and problem gamblers, who are by definition *not* responsible. A truly responsible education program focused on the dire needs of pathological and problem gamblers would remove all such customers from the reach of predatory gambling and prevent more from developing. This radical change in customer profile would cut profit margins by half. Can anyone truly believe the gambling industry would tolerate that, let alone promote it?

As a statewide coalition against predatory forms of gambling such as casino gambling, CAGNY marks this week by continuing our own efforts to reach legislators with some unpleasant truths about gambling addiction and problem gambling. Enclosed with this letter is one New Yorker’s personal account of her twenty years of compulsive gambling. We chose this account to share with you from the many such stories we have received simply because it came to our attention quite recently. It is an eye-opener. Do New Yorkers want our state government to lay the groundwork for the creation of tens of thousands more stories like this one? We earnestly hope not. We ask you to vote against second passage.



Joel S. Rose, Chairperson

Sincerely,



Stephen Q. Shafer, M.D., M.P.H., Vice Chairperson

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<sup>1</sup>E.L. Grinols and J.D. Omorov, “Development or Dreamfield Delusions: Assessing Casino Gambling’s Costs and Benefits,” *Journal of Law and Commerce* (1997: Vol. 16, No. 1), pp. 49-87.

## One New Yorker's Account of Her Years of Compulsive Gambling

*I never realized that I would one day become a victim of a horrible, progressive illness called compulsive gambling. I have always prided myself on the fact that I was able to take care of myself and my daughter. I had provided a home and taken my career to a point that we were very comfortable. My daughter has asked me, "How did you afford my every whim?"*

*It all started innocently enough. When I sent my daughter to summer camp, I would plan trips to Atlantic City with friends two or three times a year. I could drive or take a bus and stay at a friend's house or a cheap hotel. (I can remember one time that a friend and I shared a cup of coffee and stale donut because that was all the change we had left!) Then my daughter graduated, and the empty-nest syndrome hit me. My mom and I would go to local church bingos. We would go two or three times a week, and it gave us something to look forward to. Next, we were invited to go to a high stakes bingo hall at Oneida Indian Bingo. There were six of us who went including my daughter and mom on the first night. My daughter, who was 21 by this time, won \$1,000 on one of the first games. That was a lot of \$20 bills to her! We look back now, and she has often said she wishes she'd never won it.*

*There were machines in a room next to the bingo hall, and we walked by them for maybe six months before someone showed us how to use them. The first week I won three jackpots--\$7,500—and a jackpot every other week for months. Then Turning Stone opened up. I went three or four times a week, and I did not win at the machines or bingo for two years. During this time, I was asked to join a card game—Pitch. (Our local taverns have card leagues.) I mention this because I would play cards and be all hyped up and then leave for Turning Stone at 11:30 at night—didn't matter what the weather was—and many times there was a snow storm going on. The switch for my compulsion had been flipped, and there was no turning back.*

*At the end, I had not won at bingo for four years even though I continued going and would play the machines in between bingo games. By then, I had sold my part of our family cottage to my sister, had taken out a Home Equity Loan, and had started using my two life insurance policies.*

*In the twenty years of my gambling, my home was foreclosed, I went through three bankruptcies (both personal and business), I lost my business leaving five employees without employment, I had a heart attack at the casino, and I was convicted for taking out fraudulent loans. I would like to tell you about the heart attack at the casino, because I found out that my case is not uncommon. As I entered the casino on that particular day, I remember sitting down for a few minutes and later waking up next to a pillar in front of Turning Stone. I walked inside and the same thing happened. A cleaning man found me and asked if I needed help. Fortunately, he called security, who assured me that they would bring my car to me after an ambulance would take me to the hospital.*

*I was in intensive care for two days and then transferred to another hospital that specializes in heart care. I was in cardiac care for about a week. I then stayed with my mom for two weeks before going home. I was home two days before I was back at Turning Stone. By the way, while I was at the first hospital, two other women were brought in from the casino with heart symptoms. It appeared that this is a regular event at that hospital.*

*Throughout all of these events, nothing made a difference to me, and none of these things made me want to stop gambling. I worked three jobs and yet had to ask my mother for help to cover my expenses. My daughter had a very serious illness and operation, and I was able to quit for the 4 ½ months she was in intensive care, hospital, and rehab. But when the psychiatrist said that she would never be any better than she was that day when she did not know me, I called into work and drove right to the casino. I needed to be around the mindlessness of pushing that button and return to my old friend—and enemy!—gambling. (Thank God my daughter is doing wonderful now, and the doctor was wrong!) After that, I myself injured my arm at work. After physical therapy and operations, I was never able to return to work.*

*I don't know how something that seems so harmless—and is passed off as entertainment—could affect negatively so many parts of my life.....and the lives of countless others. I have been given a gift. I no longer gamble. (I wasn't even tempted when after a month of not gambling I received a phone call from—of all places Turning Stone—the casino I had done most of my gambling in! They wanted me to know that they noticed I had not been there in over a month, and they asked if they had offended me in any way.) I now have all the friends that I had turned my back on, and I have become responsible for my actions. I now live in a rent-controlled apartment and take care of my 91-year-old mother 24/7. I look forward to the day each month when the food stamp money goes on my card. My bills are all paid except for the fraudulent loans that I will be making regular payments on for the rest of my life. I am a hard-working woman who has worked all her life, and because of my compulsion, I am reduced to living humbly for the rest of my life. I now try to "pay it forward" to others who have the same affliction.*

*I listen to the news, and I know they want to place nine more casinos in New York State. As a compulsive gambler, all I can say is, "Just shoot me!" Every day, I am farther away from pushing that button; and now it is possible that a casino would be even closer to where I live. I know what it takes to resist temptation. There has got to be other, better ways for our State to survive, and I don't feel it should be at the expense of the residents that live here. It may not affect the millionaires in our State, but it will affect the people who are just getting by. We have to take a stand somewhere, and I think now is the time to do that.*

Jan 9, 2013

Dear Legislator:

Even if new to the Legislature, you don't need an alert or reminder to know that soon you will consider in committee or on the floor "second passage" of S06734. Enacted on March 14, 2012, this was a **proposal to amend Article 1, Sec. 9 of the NYS Constitution** to allow "no more than seven" casinos to be built "as prescribed by the Legislature." If a like bill is passed by both chambers in 2013, the proposal to amend will be put to public referendum.

Coalition Against Gambling in New York (CAGNY) believes this amendment would create tens of thousands of new addicted gamblers and problem gamblers. The figures for this forecast can be seen and downloaded at [tinyurl.com/aas2tew](http://tinyurl.com/aas2tew). The harm to each person so affected would be multiplied by eight or ten times as family, friends, and associates are inextricably caught up in the misery.... or have to flee it!

CAGNY observes that the Governor, who urged this amendment early in 2012, has ignored the collateral damage from "recapturing," by new in-state casinos, gamblers who have been going out of state. In not acknowledging this collateral damage, he says in effect that **thousands of NYS residents are expendable**. Do you believe that too?

You will hear over and over that "the State needs the money." CAGNY does not deny that the State needs money. We don't deny, either, that governments at times lay out money putting lives at risk—soldiers and first responders, for example. We do hold that government should never plan a revenue-raising strategy that exploits illness and misery in its people! Government should never on purpose enable life-threatening addictions!

We don't know when the vote will be. In the days to come, however, we will return to your door often with more handbills that show why a "no" on second passage is a vote for truly good government. We'll try to meet with you in person. We welcome your questions and your requests for detailed background. Feel free to call 917-453-7371 or e-mail our Chairperson at [sqs@columbia.edu](mailto:sqs@columbia.edu).

[ CAGNY banner omitted for this collection]

Jan 16 2013

Dear Legislator,

In late July the Coalition Against Gambling in New York sent by U.S. mail to all legislators an affecting first-person story of casino-centered gambling addiction by someone in recovery. On the other side of this sheet is another personal narrative. Please read it now, then come back if you have time to finish our cover letter. You must hear accounts like this one before you cast a vote about “second passage.”

The attached narrative does not tally in the detail of the one we sent in July\* the damages that gambling addiction did to the writer, her family and associates. It shows even more, however, that casinos do not want their keenest customers to recover, and why they don't. The casino industry depends on addicts and problem gamblers for its famously high profit margins. This small (< 10%) sector of casino users provides 40-50% of the revenues of the average casino [see the introduction to Natasha Dow Schüll's Addiction by Design, Princeton University Press, 2012]

We who oppose the constitutional amendment do so to protect individuals who would become addicted or problem gamblers if commercial casinos present themselves close to home. Yet the misery surrounding addiction is not confined to compulsive gamblers themselves, who are in a way numbed to it. Of even greater importance in societal health is to protect, by preventing gambling addiction before it takes hold, the eight or more individuals around each addicted gambler whose lives will be damaged or ruined by it. Many of the horrors of gambling addiction are visited on families and business associates. Once there is predatory gambling in a society, “legalized” or not, it is impossible to completely prevent gambling addiction and problem gambling. We must not further the epidemic of these conditions by having government treat them as cash cows.

\*If you did not see that one send a text message to 917 453 7371 saying “July narrat” and giving your email address.

*My name is Tina S., and I am a compulsive gambler, last bet September 20, 2007. My game of choice was slot machines in casinos.*

*For years, I was a successful banker, honest and diligent in my work and as a wife and mother of two. All of that changed when I was introduced to nearby casinos. Before then, my casino gambling was an annual bus trip to Atlantic City. When a local bingo hall with slot machines was built, trips there became weekly, then more frequent. I and thousands of others have a progressive illness that worsens as casinos get nearer.*

*You must understand that for someone with this addiction, it is impossible to stop gambling on your own. As my illness progressed, I became the opposite of the woman I had been, now irresponsible, dishonest, and neglectful. I had a terrible illness, the promotion and approval of which is sanctioned by my government, which is supposed to protect and serve its citizens.*

*Casinos have a massive marketing program to lure gamblers. I tried to stop numerous times on my own, and each week, I would receive a new gimmick to entice me back, like “free” food, golf, rooms, free plays, spas. This disease devoured my very being! All I could think about was that “free” play.” In recovery. I signed myself out of my usual casino. “Free play” mailings ended, but the other mailings to my home did not! I wrote I was signed out and that they must stop. I still receive their mailings to the family of “S” or Current Occupant. My local Post Office tells me there is no way to stop these mailings. Casinos stop at nothing to get the seriously addicted person back. It is addicts who feed their coffers, NOT the occasional gambler who budgets what they are willing to lose.*

*The other casino I frequented is in another state. I phoned Player Services to request removal from all mailings. I was told to send them a written request, and did. For several months I continued to receive the mailings. I then sent a certified letter. Only after a third letter—also certified—did they stop. A person should not have to make a request like this but once! The casinos are predators of the worst kind. Those mailings are a huge enticement to gamble. Thankfully, I was at last able to control the urge.*

*Compulsive gambling nearly destroyed my life. I gambled seven days a week. I nearly lost my family, my friends, my home, the respect of my community, and my job. I implore New York lawmakers to vote against any further expansion of casinos in this State. Any revenue that might be gained from them is on the backs of addicts—addicts who not only destroy themselves but who negatively affect the lives of so many others!*

*—Tina S., Central NY*

# GAMBLING

# FAST FACTS

## PROs and CONs

### of Having Gambling in Your Community

What really are the PROs and CONs REGARDING A CASINO IN YOUR COMMUNITY?

What does a real ENVIRONMENTAL IMPACT SUMMARY of the research issues show?

What does the research show from other communities that already have legalized gambling? (\*)

<b>ISSUE:</b>	<b>PRO (Helps the Community)</b>	<b>CON (Hurts the Community)</b>
Increase in number of cases of Personal Bankruptcy		X
Increase in cases of Depression		X
Increase in cases of Suicides		X
Increase in White Collar Crime, ex., embezzlement		X
Increase in Stealing, loan sharking, property crime, assaults		X
Increases in Taxes, i.e., costs for increase in local social services, law enforcement, medical services, and treatment.		X
Increase in Number of Youth Gambling		X
Increase in Rate of Compulsive Gambling		X
Increase in levels of Mental Illness and Anxiety Disorders		X
Increase in Family Dysfunction		X
Increases in Divorce		X
Reduces resources available for family and youth, including college savings programs		X
Increases in rates of Alcohol and Drug Abuse		X
Increases rates of Relapse for the addicted back into active alcohol and drug addiction		X
Increases in rates of Domestic Violence		X
Increases in rates of Prostitution		X
Increases in rates of Homelessness		X
Loss of Family Savings		X
Increase in personal and commercial Insurance Rates		X
Increase in loss of 401(k)s and Retirement Funds		X
Increases in gambling by the Poor (more than the affluent)		X
Increases in Drug Money Laundering		X
Corresponding increase in illegal and Internet gambling		X
Negative impact on restaurants and surrounding businesses		X
Negative Impact on the Quality of Life for local residents		X
Increase in tax revenues (albeit, offset by additional costs)	X	
Increase in jobs (albeit, minimally skilled jobs)	X	
Increase in tourism (albeit, restricted to the casinos)	X	

(\*) Research Supported

[Distributed Jan 30 without banner]  
**Gambling Economics: Statistical Summary**  
*Professor Earl L. Grinols, 24 April 2012*

**Gambling is a public concern because it creates economic costs for society and taxpayers, including non-users. Most costs derive from problem & pathological gamblers (two groups).**

	Per Path. Gambler in 2012 \$	Totals/ Adult Capita
➤ <u>Crime</u> : E.g. Aggr. asslt, rape, rob., larceny., burglary, auto theft, embezzlement, fraud.	\$4477	\$66
➤ <u>Business and Employment Costs</u> : Lost productivity, lost work time, unemployment-related employer costs.	\$2939	\$69
➤ <u>Bankruptcy</u>	\$313	\$ 4
➤ <u>Suicide</u>		
➤ <u>Illness</u> : E.g. Stress-related, cardiovascular, anxiety, depression, cognitive.	\$964	\$11
➤ <u>Social Service Costs</u> : Treatment, unemployment & other social services.	\$517	\$24
➤ <u>Direct Regulatory Costs</u>		\$16
➤ <u>Family Costs</u> : Divorce, separation, child abuse & neglect, domestic violence.	\$77	\$ 1
➤ <u>Abused dollars</u>	\$3591	\$75
➤ <u>Social connection costs</u> : reduction in social capital (employer, family, friends)		
➤ <u>Political</u> : concentration of power, disproportionate political influence (NH, May10)		
➤ TOTALS (Right column includes problem gambler costs.)	<b>\$12,879</b>	<b>\$266</b>

**Gambling fails a cost-benefit test: Conservatively estimated, costs to benefits exceed \$3:\$1.**

- Costs of introducing gambling depends on starting base, but typically > \$194 per adult. Benefits < \$63.
- Some costs are privately borne; 64 percent are publicly borne and 39 percent are tax-supported public costs.

**Gambling attracts clientele unequally**

- 30% don't gamble at all; most gamble rarely, minority 10% account for 2/3rd—4/5ths of wagers.
- 30-50 % of revenues derive from problem and pathological gamblers (e.g. 48.2% of gaming machine revenue, Aus. Inst. for Gambling Research, 2001; 37 % Montana keno machines; 58% machine revenue, Ontario Problem Gambling Research Center, 2004, 60% U. Lethbridge, 2004, other studies similar.)
- Convenience gambling draws from nearby (Example: IL, over 70% from less than 35 miles).
- Creates social costs nearby that must be taken account of.

**Slot Machines, Electronic Gaming Devices (EGDs), Video Lottery Terminals (VLTs)**

- Most damaging and quickly addicting form of gambling. (E.g. Breen and Zimmerman (2002)<sup>i</sup>: shorter times to addiction for those who 'got hooked' on video gambling. 1 year vs 3.5 for other forms.)
- 80 percent of casino revenues, sometimes more, are from slot machines.
- Causation: Bridwell and Quinn (2002)<sup>ii</sup>. Remove slot machines from SC. 6 months later Horry C. (Myrtle Beach) hotline calls fall from 200 to 0 per month<sup>iii</sup>. Number of Gambler Anonymous groups smaller by 2/3.
- Confirming evidence of causation is available in National Gambling Impact Study Commission research.

## **Economic Development; Failure of Impact Studies**

- IMPACT STUDIES ARE NOT COST-BENEFIT STUDIES. More people working next door to you may not improve the well being of citizens in your area. Well being may actually decline.
- An additional job has been estimated to be worth as little as zero to the community, or between \$0-\$1,500 in 2001 dollars.<sup>iv</sup> In a county of 100,000 adults the introduction of class III gambling would create additional social costs of \$19.4 m annually and social benefits of \$6.3 m. Using \$971<sup>v</sup> as the mid-range value of a job to the rest of the county in 2012 dollars means that gambling would have to increase the total number of jobs in the county of this size by more than 13,491 to improve wellbeing of residents, an unlikely outcome.

## **Crime: Review of Economics and Statistics Study<sup>vi</sup>**

- Approximately 9% of total crime (FBI Index I) due to gambling in counties with Class III gambling.
- 8.6% of property crime; 12.6% of violent crime.
- E.g. For an average county with 100,000 population this implies 615 more larcenies, 325 more burglaries, 272 more auto thefts, 10 more rapes, 65 more robberies, and 100 more aggravated assaults.
- Other studies. Example: Wheeler, et al. (2010)<sup>vii</sup>: "Our results indicate a positive and significant relationship between gaming and crime rates..." "...if gaming expenditure were zero in 2006, income-generating crime would fall by about 10%." Example: Walker (2009) "Virtually all studies of casino communities find that the raw number of reported crimes and arrests increase following the introduction of casinos." But, Example: Grinols-Mustard (2011)<sup>viii</sup> "...national park visitors have no effect on either property or violent crime." Visitor type matters.

## **How can we conclude that gambling increases crime?**

- Gambling largely expanded since 1991, a period when crime has decreased substantially.
- Crime rates dropped much more in non-gambling-counties than gambling-counties.
- In many areas, casino-county crime rates as a fraction of non-gambling-county rates have increased from 2-25% less before casinos entered to much higher after.
- Indian reservations: Counties that obtained compacts had higher crime rates than noncompact-counties, but the difference was stable until the early 1990s, when the crime rates in compact-counties increased by even more. By 1996 compact-counties have significantly higher crime rates than non-compact counties.

## **Gambling Taxes are Worse than a Conventional Tax Collecting Identical Revenue**

- A conventional tax implies social costs per extra dollar collected of \$1.17-\$1.59.
- Taxes on gambling revenues conservatively cost \$2.28 per dollar of tax collected if the tax rate is 30%.

## **When gambling merely transfers dollars without creating a tangible product we are made poorer.**

- Some gamble for recreation (such gamblers are presumably provided recreation value for their lost dollars), but many gamble to acquire money. Instead of creating a product or offering a service to earn money, this second group of gamblers doesn't accomplish anything and yet expects to acquire money.
- The more people there are who gamble to acquire money, the poorer society is.
- If everyone gambled to acquire his money, we would all starve.

- <sup>1</sup> Breen, Robert B. and Mark Zimmerman, 2002, **Rapid Onset of Pathological Gambling in Machine Gamblers**, *Journal of Gambling Studies*, 18, 1, Spring, 31-43; Breen, Robert B. and Mark Zimmerman, 2004, **Rapid Onset of Pathological Gambling in Machine Gamblers: A Replication**, *International Journal of Mental Health and Addiction*, 2, 1, 44-49.
- <sup>1</sup> Bridwell, R. Randall and Frank L. Quinn, 2002, **From Mad Joy to Misfortune: The Merger of Law and Politics in the World of Gambling**, *Mississippi Law Journal*, 72, 2, 565-729.
- <sup>1</sup> Grinols, Earl L. 2004, **Gambling in America: Costs and Benefits**. New York: Cambridge University Press, pp. 186-187
- <sup>1</sup> Rappaport, Jordan and Chad Wilkerson, 2001, **What are the Benefits of Hosting a Major League Sports Franchise?**, *Economic Review*, Federal Reserve Bank of Kansas City, 86, 1, 55-86.
- <sup>1</sup> This figure adjusts \$750 from 2001 to 2012 dollars. \$750 is the average of the bounds reported in Rappaport and Wilkerson, 2001.
- <sup>1</sup> Earl L. Grinols and David B. Mustard, "Casinos, Crime, and Community Costs," *The Review of Economics and Statistics*, 88, 1, February 2006, 28-45.
- <sup>1</sup> Wheeler, Sarah A, David K. Round, John K. Wilson, 2010, **The Relationship Between Crime and Electronic Gaming Expenditure: Evidence from Victoria, Australia**, *Journal of Quantitative Criminology*, Springer Verlag, October.
- <sup>1</sup> Grinols, Earl L. and David B. Mustard, 2011, **How Do Visitors Affect Crime?** *Journal of Quantitative Criminology* (forthcoming).
- 
- **Summary sheet distributed by CAGNY by permission of Prof Grinols CAGNY phone info 917 453 7371**

# GAMBLING DESTROYS FAMILIES !

## Gambling Contributes To Domestic Violence & Divorce and the Expansion of Gambling Will Destroy Tens of Thousands of Families

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The tragedy of gambling addiction reaches far beyond the more than 15 million Americans<sup>(1)</sup> who are problem or pathological gamblers. While employers, friends, and taxpayers often pay a steep price, it is family members who bear the brunt of the pain and misery that accompanies this addiction. In addition to material deprivations, family members frequently experience the trauma of divorce, child abuse and neglect, financial deprivation and hardships, and domestic violence.

In a survey of nearly 400 Gamblers Anonymous members, 28 percent reported being either separated or divorced as a direct result of their gambling problems.<sup>(2)</sup>

The National Gambling Impact Study Commission reported that it received “abundant testimony and evidence that compulsive gambling introduces a greatly heightened level of stress and tension into marriages and families, often culminating in divorce and other manifestations of familial disharmony.”

The number of divorces in Harrison County, Mississippi, has nearly tripled since the introduction of casinos. The county, which is home to ten casinos, has averaged an additional 850 divorces per year since that “respondents representing 2 million adults identified a spouse’s gambling as a significant factor in a prior divorce.”<sup>(3)</sup>

- The National Research Council (1999) reported on studies indicating that 25-50 percent of spouses of pathological gamblers have been abused.
- Studies of 10 casino communities revealed that domestic violence rates increased with the opening of casinos (National Opinion Research Center, 1999).
- Approximately 35.2% of problem gamblers in Oregon treatment in 2008-2009 reported they had jeopardized or lost a significant relationship due to their gambling (Moore, 2009)
- Domestic violence murders in at least 11 states have been traced to gambling problems since 1996.
- Domestic violence shelters on Mississippi’s Gulf Coast reported increases in requests for assistance ranging from 100 to 300 percent after the introduction of casinos.
- A University of Nebraska Medical Center study concluded that problem gambling is as much a risk factor for domestic violence as alcohol abuse.

(1) National Gambling Impact Study Commission Final Report.

(2) National Gambling Impact Study Commission Final Report.

(3) Mississippi State Department of Health, April 1999.

[CAGNY banner omitted here ] handed out at office visits Feb 5 2013

## **GAMBLING CAUSES CHILD ABUSE**

***The National Gambling Impact Study Commission reported: "Children of compulsive gamblers are often prone to suffer abuse, as well as neglect, as a result of parental problem or pathological gambling."*** <sup>(1)</sup>

We all know that GAMBLING DESTROYS FAMILIES, but Children of Problem Gamblers are often called the "forgotten victims." They experience real and significant emotional and physical problems as a direct result of their parent's addiction. One reported cited that reported on studies indicating that 10 to 17 percent of children of compulsive gamblers had been abused. <sup>(2)</sup>

***When casinos opened in South Dakota, child abuse rose by 42% and domestic assaults by 80%.*** <sup>(3)</sup>

When parents have problems with gambling, it is often the children who suffer the most. Children suffer from abuse, neglect, domestic violence, and miss out on essentials from emotional attachment to financial security. Gambling can lead to broken homes, damaged relationships, physical and emotional abuse, and a higher risk of the children becoming gamblers or alcohol and drug abusers themselves. Children are more at risk of developing educational difficulties, emotional disorders, suicidal tendencies, eating disorders, sleeping disorders, gastrointestinal disorders, asthma, allergies and other behavioral disorders.

One study demonstrated that Children of Problem Gamblers are more likely to have:

- Alcohol Disorders (31 percent vs. 4 percent);
- Major Depression (19 percent vs. 7 percent)
- Drug Use Disorders (5 percent vs. 3 percent);
- Anti-social personality disorder (5 percent vs. 0 percent);
- Generalized anxiety Disorder (8 percent vs. 0 percent);
- Any psychiatric Disorder (60 percent vs. 11 percent); and,
- Are 2-14 times more likely to develop a gambling problem themselves! <sup>(4)</sup>

Studies indicate that children of gambling addicts are most likely to be abused at an early age. Apart from this, the children of compulsive gamblers also possess high risk of suffering from mental disorders, behavior problems, depression, and substance abuse. The children can feel forgotten, depressed and grow up angry or with nervous disorders. They often exhibit guilt and shame and a lack of emotional stability. They overvalue money and materialism. They may suffer from stress-related physical conditions and demonstrate "...a greater drive state to escape reality and a greater propensity for seeking mood-elevating substances and stimulating experiences than did their peers with average parents." They demonstrate numerous psychosocial risk indicators (i.e., broken homes, unhappy childhood and teenage years, legal action pending, dysphoria, numerous school and work problems, and an overall quality of youth rated as "poor.")

## **PREVENT CHILD ABUSE... STOP THE GAMBLING FEVER !**

*(1) National Gambling Impact Study Commission Final Report (Page 7-28).*

*(2) The National Research Council (NRC, 1999).*

*(3) National Coalition Against Legalized Gambling (2000).*

*(4) Children of Problem Gamblers, Problem Gambling Foundation of New Zealand, March 2012.*

Half the revenue of casinos and large lotteries is from pathological and problem gamblers. They seldom own what they drop. It has usually been diverted from someone else (e.g. spouse) who has equal or better right to it (e.g. mortgage payment). These are “abused dollars.” Some of the money lost by these gamblers comes from outright crime, a later recourse for many pathological gamblers.

Thus half the revenue government gets from gambling is passed to it from gamblers’ losses taken by deceit from someone other than the gambler. The multiplier for “other” here is 8-fold. For every pathological or problem gambler, eight other people, often children, are deprived.

When government facilitates or sponsors gambling to balance the budget, it exploits not only the dis-control of some gamblers but the miserable situation of their families and close associates. To deny this injury to persons --including children-- around the gambler treats them as *expendable*.

Even if someone thinks gambling addicts deserve to live damaged lives or to self-end them, he or she cannot wish the same fate on the gambler’s near and once-dear. More than dollars are abused. Domestic violence, physical, and emotional injury are common in the circles of gambling addicts and problem gamblers. Suicide harms more than one person.

Fear, distance, abstraction can make other humans expendable to the best of us. The story should be different, however, when the people to be made expendable are not remote and when the people doing the expending are in our state government. We who oppose the constitutional amendment say “No New Yorker is expendable.”

#### VOTE NAY ON SECOND PASSAGE

The text of the amendment of Art I §9 that would go to referendum must be the same as S 6734. Implementing language must be approved by the legislature, though who will draft it and when is not clear. A vote for second passage gives no security to a legislator or to the voters at referendum on the following key points, any or all of which could be changed in a later session:

- Timetable of building the “no more than seven” casinos
- Locations and size Could a new casino double its gambling floorspace three years later?
- “Home Rule” What level of social organization (e.g. village, town, county, state) will make decisions about same or different levels close by (e.g. village inside a town). Who speaks, who votes?
- Rate for property tax and for tax on casino income payable to state and sub-state levels.
- Funding for “prevention and treatment.”

The sleep of reason brings forth nightmares: a worst case scenario could put five or six big casinos in or very near the Greater Metropolitan Area, leading to eighty thousand new gambling addicts and 200,000 new problem gamblers. Or, think of this: Would it be socially just, if all the town boards in a county but one voted against a casino, to put one in the lone holdout township?

#### VOTE NAY ON SECOND PASSAGE

[CAGNY banner omitted to save space]

March 5, 2013 (during National Problem Gambling Awareness Week)

When Governor Cuomo in 2012 proposed new commercial casinos he said they would need regulation. Casino promoters can't dismiss the concept, which has several aims. One specific to casinos is to mitigate gambling addiction and problem gambling.\* Promoters don't deny these disorders can be outcomes of "gaming." Another goal of regulation, applied also to banking or securities, is to protect investors and tax-collecting entities against in-house predatory practices, organized crime and tax dodges.

Casino owners want regulation of their consumer protection and accounting about as much as do big banks or brokerages: not at all. In any business, regulation hurts profits by constraining practices and limiting externalities. For example, a company no longer free to discharge waste into a waterway faces new costs; raising prices may lose it business. Casinos are more intent on profit for its own sake than any typical industry. All other industries, even those as controversial as "Big Pharma" or "Big Oil" make a product of real use to someone. The casino business has only one tangible product, of which it is not proud: addicted and problem gamblers. That crucial subgroup of gamblers generates an undue part of casino profits.

The central statistic of casinos: a large proportion (Grinols and Omorow\*\* estimated 35-50%) of the gross returns after winnings are paid out comes from compulsive and problem gamblers -- about 4% of the adult population -- who comprise < 10% of casino customers. Most of that 35-50% is from addicted gamblers. From this statistic comes

The central dilemma (a no-brainer) : if casino owners acted effectively to steer into lasting recovery all pathological and problem gamblers and to prevent the creation of new ones, profits would drop by at least 35%. How would that play on the bottom line? Thus,

The business model: espouse "responsible" gambling, yet cultivate irresponsible (pathological and problem) forms under a façade of "prevention" engineered to fail

Legislators weighing the proposed amendment to legalize new casinos must ask three questions. "Would those casinos like to profit 35%-50% less than many others do?" That's obvious: NO "Do I really believe NYS can and will properly regulate casinos if they don't want it?" NO again. "Is it fair to NYS residents to commend to them, by a "yes" on second passage, a sham I don't believe in." The response to that should be a third NO. Vote NAY on second passage.

\*These two categories of "disordered gambling behavior" are distinct. About 1% of North American adults are past-year pathological (addicted) gamblers, another 3% or so past-year problem gamblers. Sometimes for brevity (not clarity) the two categories are lumped into "Problem Gambling."

\*\* Grinols, Earl L. and J.D. Omorow (1997) "Development or Dreamfield Delusions? Assessing Casino Gambling's Costs and Benefits." *Journal of Law and Commerce* 16, 1, 49-87.

March 26, 2013

“JOB CREATION” BY CASINOS IS NOT A “GIMME”

Building a new casino complex opens job lines in the locality, hailed as “job creation.” On a local or regional level, however, it may be more job substitution. Persons newly hired at the casino complex will often have quit another job nearby for what they hope will be better conditions. In a rural area a new casino complex will abruptly have hundreds more openings than there are ready able and willing workers in the community. It will have to import staff, many of whom have left their jobs elsewhere. The check list below refers to a medium-sized non-tribal casino complex in a mostly rural area. Job creation on a national level, widely desired, is not necessarily a net benefit at the community or county level.

↓ county-wide unemployment		●	
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This table got totally messed up. The above is supposed to be the bottom line but I cannot fix it. Sorry

You can use the concept, will have trouble with the table format I fear.

	Yes	Maybe	No
Construction jobs building casino complex	●		
New construction or renovation outside casino complex		●	
Local skilled unionized work force enough for construction			●
Non-resident skilled workers needed for construction	●		
Most new job lines can be filled by local unemployed			●
Most new lines can be filled by local people who switch jobs			●
Some local workers will switch job to casino complex	●		
All casino job lines can be filled by local residents			●
Interest in hiring disabled persons	●		
↑sales local gas stations	●		
↓ sales local stores and restaurants	●		
Net ↓in total property tax roll due to devalued businesses		●	
Casino employees in rental housing will pay school taxes			●
Casino will pay school taxes	●		
School budget overall definitely bettered by casino			●
Existing stock of rental housing for casino employees good		●	
Comprehensive Plan (if any) provides for casino complex			●

June 11, 2013

**To all legislators: amending Article I § 9 of NYS Constitution should not happen. Don't let it.**

Two statistics you as a legislator need to know to make the right decision on opening the door to non-tribal casinos in New York State. 52 % of revenue at the average casino is from problem or addicted gamblers<sup>1</sup>. This small minority of gamblers is about 7-10 % of casino users, about 4 % of the adult population. Nearly all the quantifiable socio-economic costs of legalized gambling, scores of \$billions/yr. nationally<sup>2</sup>, move through this same 4 % who are addicted or problem gamblers.

A program of treatment and prevention that reduced to none the prevalence of active pathological and problem gamblers and totally prevented formation of new ones would much decrease the huge socio-economic costs of legalized gambling. Yet that same program would also reduce revenues by half, overhead by much less. Profits would drop by more than half. Revenue to government, based on taxing casino profits, would go down > 50%.

The casino cartel, *which exists only for profit*, would never support *in good faith* such a program.

Neither would state government. Program success would mean a > 50% ↓ in a budgeted revenue line.

“Tax by casino” costs society 2x more to raise per \$ than do visible tax increases. At least 50¢ of each such \$ was weaseled from someone who trusted the problem gambler too long. Many states and provinces are now addicted to this unhealthy revenue. They can't kick it. They always need more. New York is one.

Recovery from addiction is desirable and possible. Addicts know it doesn't start by buying stronger sh\*t. Vote NAY on second passage, no matter what enabling language it comes with or without.

Tell your constituents that any enabling language will emphasize three, not seven casinos. It will give no assurance of site, size, ownership, tax breaks to be sought or tax rates to be applied, and no assessment of public health impacts. If \$20M of treatment funding is pledged at startup, that's far too little and could be phased down in future.

References 1. Grinols, Earl L. and Omorow J.D. 16 *J. Law and Commerce* 1996-97 p. 59 .

2. Earl L. Grinols *Gambling in America: Costs and Benefits* Cambridge Univ. Press 2004, pp. 170-178

[Banner omitted to save space. Handed out to 20 offices mid-May, not wide distribution]

Five current arguments about legalizing non-tribal casinos in New York State in the light of the keystone estimate for casino revenues shown in the text box.

52% of revenues at the average casino are from problem or pathological gamblers. (Grinols and Omorow 16 *J. Law and Commerce* 1996-97 p. 59) Together, these types of gamblers = 4% of adults, maybe 7-10% of casino clients.

PRO: *Would send new revenue to Albany without raising tax rates.*

CON: Half that revenue would have been diverted, to their lasting harm, from the families and associates of addicted and problem gamblers, or would be proceeds of outright crime.

CON: If quantifiable social costs are considered, raising \$1 via tax on casinos costs the private sector **twice** what it costs to gain that \$1 by a step-up in a conventional tax rate. (\*Grinols pp. 180-181)

PRO: *All or nearly all that revenue would be dedicated to "education."*

CON: Simply allows \$\$ that would have gone to education to be spent elsewhere in state budget.

CON: Creates a pretext for annual increases. Who's against "more money for education?"

PRO: *Would be regulated to cut out underworld and instructed to "prevent problem gambling."*

CON: See keystone estimate. Casinos get 50 % of revenues from < 7 % of clients. Steering those clients into lasting recovery and halting their replacement would ↓↓ high profit margins. What for-profit business wants to cooperate in drying up the 7% of customers that leave half its take ? No business.

CON: Promoting "responsible gaming" is a sham. Seriously-affected gamblers seldom benefit by government-sponsored treatment programs until terrible damage has come to them and those close to them.

PRO: *"Creates jobs."*

CON: May hurt other businesses by taking workers from them ("cannibalization").

CON: Importing workers can burden host community (housing stock, schools).

PRO: *"Economic development"*

CON: Increased local cash throughput ≠ (does not equal) economic development.

CON: Local property taxes promised by casinos ≠ economic development.

Then what is economic development ? "The creation of greater value by society from its available resources" (\*Grinols p. 57)

\*footnotes refer to *Gambling in America: Costs and Benefits* by Earl L. Grinols (Cambridge University Press, 2004). Earl Grinols is Distinguished Professor of Economics at Baylor University.

[Banner omitted to save space]

March 12, 2013

In the CAGNY bulletin to legislators last week (March 5), we stated that it is the practice of the casino cartel, which gets 35-50% of its profits from irresponsible gamblers, to foster irresponsible gambling while pretending not to. To learn how the fostering is done, read Addiction by Design (Natasha Schull, 2012, Princeton University Press).

Today's CAGNY bulletin is not on that crucial topic. It's about the façade that gambling promoters (private and governmental) put up to look sincere and caring. Part of the act is token sums for research (e.g. to National Center for Responsible Gaming); also for secondary\* and tertiary\*\* prevention to good, small advocacy agencies like the National Council on Problem Gambling. [Most tertiary prevention in this country is provided by GA and Gam-Anon, both all-volunteer organizations. Neither accepts any outside support. ]

In New York State most of the meager (near-zero, now) funding to prevent problem gambling has come from legislative appropriations to agencies like Office of Alcoholism and Substance Abuse Services (OASAS). Lottery and tribal casinos don't contribute directly to statewide treatment and prevention.

If the constitution gets amended, a legislator will surely ask on behalf of OASAS and the NYS Council on Problem Gambling that some money coming to the state from the new casinos go to "treatment and prevention of problem gambling." Likely some would, at least for a while. How much, who knows? Consider, though, that the revenues projected from casinos for 2016 have a much nobler-sounding destiny than treating gambling addicts. They are supposed to be 90% "to support education" and 10% to relieve property tax burdens. If legislators must choose between \$5M more to education or to counseling for gambling addicts, the addicts and their families will lose. They always have.

Even if a huge revenue stream dedicated forever to treatment and prevention of problem gambling could be legislated, it would still be too little and too late to undo the mayhem of gambling. When do addicts enter treatment if not compelled by a judge? When they've lost everything. Lives can be improved by treatment of problem gambling, but the clock does not run backwards.

The best prevention of problem gambling is primary prevention . A practical facet of this is an ecological strategy -- no new casinos. We have too many "slots" now. Vote NAY on second passage.

\*We define secondary prevention as keeping someone experienced in gambling who is not yet a problem gambler from turning into one (e.g. "Responsible Gaming" education, HOPEline signs). \*\*Tertiary prevention we define as steps (e.g. private counseling with or without 12-step program) to begin and sustain recovery from situations that meet at least some criteria for pathological or problem gambling.

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April 23, 2013

Gambling is the only personal behavior with high potential for harm to self and others actively encouraged by civil government. Why the anomaly? Revenue \$\$

Most Americans say government should not legislate behavior any more than speech. Risky or self-destructive actions internal to an individual are personal freedoms when they don't infringe on the rights or the welfare of others. That line, however, is hard to define.

Some smokers chafe at laws to ban smoking in indoor public places. There, sensitivities more than cancer-causing potential of second-hand smoke are detriments to others. No laws limit smoking in a home with young children, though beating and starving are prohibited. Inference: society considers domestic second-hand smoke relatively low-hazard.

Take money. Most people say that government should not decree what individuals may do with funds to which they have access (not necessarily really theirs). By this philosophy, there should be no laws that one cannot literally burn money, or spend it on valueless objects, or run up credit card debt or take out loans with no intent to repay. There aren't. Even when others (close or remote) lose by these behaviors, society allows them. Inference: society considers losing or wasting someone else's money tough luck for that someone.

Recently I heard this "personal freedoms" theme from a friend about legalized gambling. My first response was to point out that active pathological and problem gamblers always abuse others around them, psychologically and fiscally. Those in recovery have always left mayhem behind. Even if launched with millions, like ex-Mayor Maureen O'Connor, they will all if active go broke eventually and start taking from others who trust them. My friend is too conservative or too libertarian to be swayed by the harm-to-others case as I put it.

He could not, however, refute the observation that no laws are made on purpose to encourage behaviors like heavy smoking around children at home. In contrast, changing laws to expand gambling so the state gets money from it encourages gambling. Addiction and Problem Gambling follow in too many people, despite "preventive" nostrums.

My friend acknowledged that in legalizing gambling government is not making irksome laws to curb personal behavior. Quite the reverse. By licensing gambling to get revenue (via lottery or tax on casino), government actually legislates in favor of personal behaviors some of which are bound to hurt trusted others. Those who say "legalized" gambling entitles anyone to use available money any way he or she wants deplore a ban such as New York has on non-tribal casinos. A ban, though, is to buffer gamblers and innocents around them, not to draw them in. In granting license for gambling to raise revenue, government becomes an exploiter. This is plain wrong.

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April 30, 2013

*In re:* proposal to amend Article 1, section 9 of the New York State Constitution to legalize “no more than seven casinos”

Coalition Against Gambling in New York opposes the amendment. We ask legislators to vote against “second passage.” “Second passage” would put the proposed amendment to public referendum without offering thorough and unbiased information to voters.

Warren Buffet tells the following parable in an interview where he is questioned on how one state should regard the question of its residents going to another to gamble:

“If you had a house with a nice lawn, and you had a neighbor with a Chihuahua, and that dog occasionally strayed over and fouled your lawn, your reaction would not be to go out and buy your neighbor a St. Bernard.”

Vote NAY on second passage

The whole interview (nine minutes) can be seen at <http://www.youtube.com/watch?v=7k4S8FUIOK0>

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Re: proposed amendment of Article 1, §9 NYS Constitution

May 14, 2013

A cynic wrote “whoever robs Peter to pay Paul can always count on Paul’s support.” In the U.S. there are many Pauls, grateful that government puts off increases on their tax rates by pulling in Lottery money or taxing casinos on what gambler Peter lost there. In New York State in 2013, no full-fledged casinos are literally taxed. Some elected officials want to amend the NYS Constitution to introduce taxable casinos.

These officials hold that Peter is not being robbed; a proportion of state residents will agree. Peter is “a sucker,” “stupid,” “can’t do math,” but not a victim of robbery. If a casino transaction is legal, after all, how can it be robbery? *Whether or not someone thinks Peter the gambler is being robbed, however, is not the nub of the analogy here.*

About half the revenue to government from sanctioned gambling is losses of addicted and problem gamblers.\* To keep “playing,” these people always begin to take money from others who do not gamble but who trust them. Whether predatory gambling literally robs the gambler can be disputed, but that it robs others via the gambler cannot. It robs them not only of savings accounts, corporate assets, vehicles, retirement funds, furniture etc., but of reputation, affection and self-esteem.

Then someone is being robbed to keep Paul’s tax rate from rising. If Paul is still comfortable with that, (the “someone” being sufficiently abstract) he needs also to realize, however, that he does not really benefit by not seeing his tax rate go up. The hidden quantifiable socioeconomic costs of gambling are vast. The “abused” dollars cozened or pillaged from Peter’s trusting family and associates are only a piece of those costs. When all those costs are counted in, society pays twice as much\*\* to raise a dollar by tax on casino as to raise that \$ by boosting the rate on a conventional tax. If Paul thinks that revenue to government from others’ gambling is a sort of bonus for him, he is wrong. He gave at the office without knowing it. Some of his tax money went to criminal justice administration or social services triggered by events in the gambling exchange. He is also part of an economy hurt by lost productivity and lost creativity. This is a touch of rot, not healthy development.

Vote NAY on “second passage”

\*Grinols, Earl and J.D. Omorow (1996-97) *J. Law and Commerce* vol 16 p. 59

\*\*This is based on a tax rate of 20% on gross gaming revenues. See Earl Grinols, *Gambling in America* (2004), Cambridge Univ. Press pp 180-181. 20% is about mid-range for the numerous states in this country that have non-tribal casinos. NV has the lowest rate (6.75%); that for PA is currently 55%. As the tax rate rises, the “twice as much” multiple goes down, but in Grinols’s very conservative model does not get to unity (1) until the tax rate is 71%. Few casino companies in USA will agree to anywhere near such a rate unless assured of a huge market and minimal competition.

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May 14, 2013 (distributed May 21)

Proponents of the casino amendment in New York speak often of “economic activity,” or “economic benefit” or “economic development.” They want these three terms to be muddled in the minds of legislators and voters, interchangeable. This is deceit.

“Increased economic activity” due to a new casino is an easy promise to fulfill; it means that more money moves through the locality. The promoter can tout the “handle” (total amount wagered, including re-wagers) to paint a multi-million dollar operation.

“Economic benefit,” to certain parties at least, is also highly likely when a casino comes to town. It can be profits to investors; it can be a new town hall donated by the casino. It can even be convenience for gamblers, called a “distance benefit” by economists. Thus, predictions of “economic benefit” can be true. Who benefits is the question.

What a local or regional or national economy needs, however, is economic *development*, not at all the same as either “*activity*” or “*benefit*.” Economic *development* is “the creation of greater value by society from its available resources.” [Grinols\* p 57]. Casinos can seldom accomplish this, though Grinols [p. 62] writes it is theoretically possible. Casinos do what Bhagwati\*\* called “directly unproductive profit-seeking (DUP) activities.”

To assess the prospects that a new casino will bring true economic development to a locality or region requires a rigorous cost-benefit study specific to the locality or region and to the makeup of the casino. This cannot be done generically. No one knows where the first three casinos sought by certain NYS leaders would be or who would operate them. Gross gaming revenue (the casino’s hold after winnings have been paid) cannot be forecast in ignorance of these factors. Further, no one knows what tax rate on GGR would be; rates in casino states range from 6.75% in NV to 67% in MD. As tax revenues to government are one motive for casino introduction, it is imprudent to guess what they might be.

The premise that any casino anywhere will bring economic *development* is false. It should not be an excuse to further the reach of predatory gambling in our state.

\*Earl Grinols. Gambling in America, Cambridge University Press, 2004

\*\*Jagdish Bhagwati. *J. Political Economy* vol. 90: 988-1002, 1982

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[Banner omitted]

June 4, 2013

Governor Cuomo spoke in his press conference on May 9, 2013 (*vide* minute 46:16) about setting tax rates on the new casinos he wants to see and the competition he expects among bidders. He continued “I think we have an asset to sell.”

He did not say what the asset is. It must be something big casino companies want.

Greek yogurt production capability?

Deep shale natural gas?

Apple production capability?

Olympic-quality winter sports settings?

Maple sugar production capability?

Nanotechnology infrastructure?

None of the above.

What else could that asset be other than a population to be trawled for customers? Customers are people; so, New York’s people are on the block.

Casinos depend for half their “gross gaming revenue” on the small minority of their customers who are pathological or problem gamblers.\* These categories make up a very small fraction (about 4%) of the adult population. To reward owners richly, the casinos must maintain this small sector AND replace each person in it as he or she recovers, dies, goes to prison, gets deathly ill or moves out of range. The asset that’s really up for grabs, the mother lode, is current and future pathological and problem gamblers.

Yet this is not all that’s for sale. Each of these gambling addicts or problem gamblers has hidden assets that can be tapped through him or her. Those are the fiscal and emotional resources of many non-gamblers who enable the addiction while the gambler betrays their love or trust .

The casino companies don’t just buy the opportunity to capture or create compulsive gamblers, They buy a network of pipelines through each one of those afflicted gamblers to drain six, eight or a dozen other people. Lesieur\* put the number at seventeen.

What asset do you think the Governor meant?

\*Grinols, Earl L. and J.D. Omorow. *J Law and Commerce* (1996-97) 16: 49-87

Lesieur, Henry The Chase, 1976

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[Banner omitted ]

June 11, 2013

**To all legislators: amending Article I § 9 of NYS Constitution should not happen. Don't let it.**

Two statistics you as a legislator need to know to make the right decision on opening the door to non-tribal casinos in New York State. 52 % of revenue at the average casino is from problem or addicted gamblers <sup>1</sup>. This small minority of gamblers is about 7-10 % of casino users, about 4 % of the adult population. Nearly all the quantifiable socio-economic costs of legalized gambling, scores of \$billions/yr. nationally <sup>2</sup>, move through this same 4 % who are addicted or problem gamblers.

A program of treatment and prevention that reduced to none the prevalence of active pathological and problem gamblers and totally prevented formation of new ones would much decrease the huge socio-economic costs of legalized gambling. Yet that same program would also reduce revenues by half, overhead by much less. Profits would drop by more than half. Revenue to government, based on taxing casino profits, would go down > 50%.

The casino cartel, *which exists only for profit*, would never support *in good faith* such a program.

Neither would state government. Program success would mean a > 50% ↓ in a budgeted revenue line.

“Tax by casino” costs society 2x more to raise per \$ than do visible tax increases. At least 50¢ of each such \$ was weaseled from someone who trusted the problem gambler too long. Many states and provinces are now addicted to this unhealthy revenue. They can't kick it. They always need more. New York is one.

Recovery from addiction is desirable and possible. Addicts know it doesn't start by buying stronger sh\*t. Vote NAY on second passage, no matter what enabling language it comes with or without.

Tell your constituents that any enabling language will emphasize three, not seven casinos. It will give no assurance of site, size, ownership, tax breaks to be sought or tax rates to be applied, and no assessment of public health impacts. If \$20M of treatment funding is pledged at startup, that's far too little and could be phased down in future.

References 1. Grinols, Earl L. and Omorow J.D. 16 *J. Law and Commerce* 1996-97 p. 59 .

2. Earl L. Grinols *Gambling in America: Costs and Benefits* Cambridge Univ. Press 2004, pp. 170-178

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June 19 2013 [banner omitted]

**“Home rule” cuts both ways. Don’t legalize casinos in New York.**

“Home rule” is often invoked when a jurisdiction wants to keep from being stuck by a larger surrounding unit with something called “necessary” for the wider public good but noxious to the smaller unit. This can be termed “keep-out” home rule. A smaller unit’s willingness to accept something (e.g. power plant) opposed by many in nearby jurisdictions may be called “take-in home rule.” But what is “home?” Who in fact rules?

As of now, NYS has “keep-out” home rule on casinos statewide. The proposed “casino amendment” would undo this. New subdivisions for “home rule” would have to be recognized if it’s to keep place. This will be very tricky, though legislators and casino companies give lip service: no casino where “home” does not want it. In the Governor’s plan (*Times Union* [preview.tinyurl.com/m6co57k](http://preview.tinyurl.com/m6co57k)) a site would have to be authorized by municipal and county law. Presumably, this means by town board or city council and by the county legislature. When the Governor devised a pact between NYS and the Oneida Nation of Indians, however, he jawboned county legislatures ruthlessly. That could be replayed elsewhere. “Take-in” home rule could welcome a casino to an enclave in hostile territory, like a corner of a county most of whose population do not want it.

Some legislators who sense their constituents would not want a new casino nearby would let “take-in home rule” be a welcome mat as long as that home is far away from theirs. They may pretend to believe the false premise that casinos are “engines of economic growth” that always help any locale. If seven casinos get the green light, however, the last four could leapfrog very close to their “homes,” even right next door.

We need “keep-out home rule.” It is far better than having an agency decree locations despite well-grounded municipal or county protest. Defenses are vulnerable, however, to tactics like the Governor’s or to changes in municipal administration. Legalizing casinos anywhere in NY would open Pandora’s box.

*What, really, is home? Who rules? Vote NAY on “second passage.”*