

GAMBLING: Lies vs Facts

Predatory gambling represents one of the biggest public policy failures of the last fifty years. It survives in large part because its sponsors invest heavily in a never-ending PR campaign that promotes a willfully false narrative to the public about its “success.” These are some of the biggest lies:

Lie: “Casinos and State Lotteries Will Improve Government Budgets”

There is overwhelming, irrefutable evidence proving that government’s gambling program has failed as a long-term revenue source because it is anti-economic growth, unsustainable and inadequate. States that use gambling revenues as a “quick fix” to avoid politically difficult structural tax reforms in the short run have nearly always been forced to confront the same difficult tax policy decisions in the future. States with lotteries and casinos have not lowered their taxes and **according to the recent national report by The Rockefeller Institute**, it has made their budget problems even worse. California’s story is typical. Despite promising it would fund public education, the California Lottery **provides only 1.3% of the state’s entire education budget**. Learn more in our **Taxation By Exploitation** and **Soaking the Taxpayers** sections.

Lie: “Commercial Gambling Creates Jobs”

No great nation or state has ever built prosperity on the foundations of personal debt, addiction, and the steady expansion of businesses that milk existing wealth instead of producing new wealth. Relying on gambling as an economic development strategy exemplifies the attitudes and practices— short-term is more important than sustainable, wealth can come from ever-growing debt, something can come from nothing —that led us to where we are now.

The infamous subprime mortgage lender Countrywide Mortgage employed a lot of people and made a lot of money but they did it by selling bad loans to people who could not afford them. It was phony prosperity. No one believes their kind of business practices are the right direction for any state. Casinos are the ultimate example of phony prosperity.

The appalling truth is casinos make far more gambling addicts than jobs. Illinois state government’s own data shows that many more citizens have been hurt by the casinos than there are citizens who work there: according to the Illinois Gambling Board in 2012, there are almost 20% more Illinois citizens on the self-exclusion list than jobs at the state’s casinos (as of June 4, 2012: the total enrollment of citizens in the state’s Self-Exclusion Program was 9,171. The total number of full and part-time casino jobs was 7789.)

Lie: “People Will Gamble Anyway and They’re Already Doing It Out-of-State”

Many public officials rationalize promoting casinos and state lotteries by saying people will gamble anyway and they’re already traveling to a neighboring state to do it. Yet state lotteries and casino operators openly discuss in the media and in their own marketing research that they are aggressively working to lure new gamblers and create “**new markets.**”

During the Pennsylvania Gaming Congress & Mid-Atlantic Racing Forum in early 2011, state gambling operators confessed that their most lucrative players were local citizens losing money at the casino five times a week. Prior to sponsoring their own state casinos, there was virtually no one in eastern Pennsylvania traveling 1 1/2 hours to Atlantic City, NJ five times a week.

The “going-out-of-state” message is a deliberate public relations tactic to avoid intense scrutiny about how government’s experiment has failed as well as the predatory and deceitful business practices used by gambling operators.

The evidence is clear that when less government-sponsored gambling is available, citizens lose a lot less money and gambling problems are far less. **One of the best examples of this reality is when South Dakota outlawed video slot machines for 100 days, the number of gambling addicts treated each month dropped by 93.5%.**

Lie: “Casino Gambling Provides a Better Life for Native Americans”

The Indian Gaming Regulatory Act represents one of the biggest failures of U.S. policy in the last fifty years. Passed by Congress in 1988 under the guise of “economic development” for the country’s impoverished Native American tribes, IGRA has resulted in the transfer of tens of billions of dollars to casino operators **while many Native Americans still remain in serious poverty.** It also has been the driving force behind the massive expansion of predatory gambling that has overwhelmed the U.S. over the last twenty years.

Casinos are the most predatory business in the country and their business model is based on addiction and pushing people into debt – a truth that remains unchanged regardless whether they are Native American casinos or commercial casinos.

Lie: “Slot Machines Don’t Addict People”

Electronic gambling machines like slots and video poker represent the purest form of predatory gambling and, not surprisingly, are the most profitable. According to the research findings of Natasha Schull, associate professor in MIT’s Program in Science, Technology, and Society, the machines are designed to get every user “to play to extinction” — until all their money is gone — by using technology described as a “high-tech version of loaded dice.” **Schull writes:**

“... its (the gambling business) efforts to make slot machines so effective at extracting money from people yields a product that, for all intents and purposes, *approaches every player as a potential addict — in other words, someone who won’t stop playing until his or her means are depleted.*”

Dr. Bob Breen, the Director of the Gambling Treatment Program at Rhode Island Hospital, **has been even more direct in his public comments about slot machines:** “Given the right circumstances, almost anyone can get hooked on slots.”

It is time we stopped pointing fingers at the people using electronic gambling machines as the “problem” and instead, focus our attention on problem machines, problem environments and problem business practices.

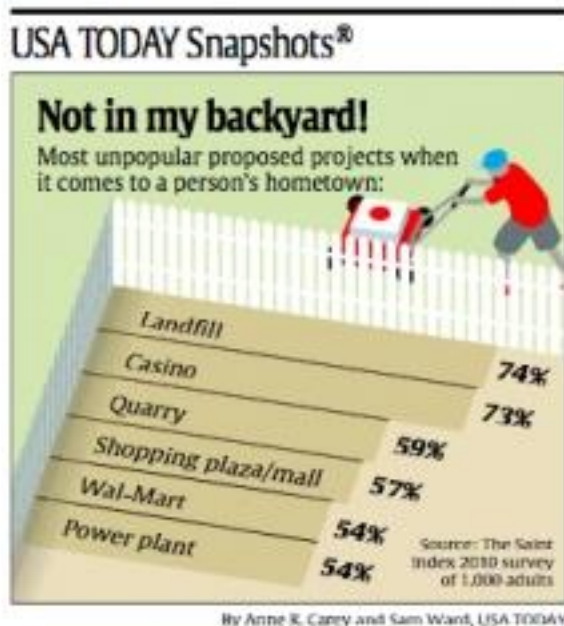
Lie: “Predatory Gambling is About Personal Freedom”

Predatory gambling operators and some public officials peddle the myth that casinos and lotteries represent “personal freedom,” attempting to elude charges of exploitation by pleading it is a “voluntary” act.” Government, in this case, is not merely permitting private, consensual behavior. It is granting monopolies and awarding regulatory advantages to favored firms. States sometimes conduct casino border wars, positioning new facilities to poach revenue from their neighbors. This has little to do with limited government. It is the active, predatory state.

The predatory gambling business model is dependent on addicted or heavily-indebted citizens and it only works if our government, in its role as promoter and regulator, takes away the freedom of millions of Americans. By definition, someone who is an addict or someone who is deep in debt is not free. They have lost their free will and their freedom to choose. In a country where everyone is considered equal, where all blood is royal, how can the state actively promote a government program that renders some of our fellow citizens as expendable? John Stuart Mill, the father of the libertarian vision, famously wrote that each individual has the right to act as he wants so long as these actions do not harm others.

Lie: “Public Opinion Supports Predatory Gambling”

The predatory gambling lobby promotes **the illusion that public opinion supports their business** by pointing to polls *paid for by predatory gambling interests*. Yet independent surveys reveal the opposite is true. **A 2010 national survey on predatory gambling** by PublicMind,



Fairleigh Dickinson University’s research center, found that a majority of those with an opinion on the subject believe casinos hurt local communities. Among those who live within 30 miles of a casino, nearly one out of two people said casinos have a negative impact. And a 2010 poll in *USA Today* showed that casinos rank at the top of the list next to garbage dumps for most unpopular projects with 73% of the citizens in opposition.

Lie: “Casinos and Lotteries Are Just Like Any Other Business”

Advocates of the predatory gambling trade say they are no different than other businesses. They describe it the same as “going out to a restaurant or going to the movies.” Yet the owner of the restaurant eats the food he serves and the movie actress watches the movies she makes. This is the only product or service where most of the people who own it and promote it, including public officials, don’t use it and don’t want to live near it.

Lie: “Investing in the Stock Market is No Different Than Predatory Gambling “

While there may be risk associated with buying shares in the traditional stock market, that is where the analogy ends. When an individual buys a stock, he is buying a piece of a company. An applicant for a bank loan can put down \$10,000 worth of stock certificates as collateral but try putting \$10,000 worth of lottery tickets on the table instead and see if the bank makes the loan. **Visit YouTube.com and search for “Warren Buffett on Gambling: The Parable of the St. Bernard.”**

Lie: “Government-Sponsored Gambling Diminishes Organized Crime”

No jurisdiction has EVER documented a decline in illegal gambling following the introduction of legalized gambling. In fact, illegal gambling tends to increase for a number of reasons. “We loved legalized gambling,” said former Chicago mob casino boss William Jahoda. “It created more customers for us.” Untaxed illegal operators can offer better odds, bigger payoffs and loans that legal operations cannot. Once gamblers start betting legally, they become less averse to gambling in unlicensed establishments. Law enforcement in gambling states see illegal gambling as a state revenue issue rather than a criminal activity, making enforcement less of a priority. Lastly, when commercial interests gained control of the casino business from organized crime, **they obtained the ability and the license to abuse and destroy customers** to an extent that was not possible when casinos were run by criminals.

- See more at: <http://stoppredatorygambling.org/facts-research/predatory-gambling-lies/#sthash.QSvJ2IG2.dpuf>

FACT: Government-Sponsored Gambling Has Led to Higher Taxes for Less Services and Worse State Budget Problems: “You Pay Even if You Don’t Play”

An April 2016 report by the Rockefeller Institute of Government at SUNY Albany confirms what is becoming obvious to most Americans: "In the long-run, the growth in state revenues from gambling activities slows or even reverses and declines."^{[ii](#)}

That means higher taxes for less services for the 2/3 of citizens who never or rarely gamble. And their states end up with worse budget problems over the long term. Taxpayers who don’t gamble are footing the bill. You pay even if you don’t play.

This is because casinos and lotteries have proven to be a failed source of government revenue and have not delivered on their promises to fund education, lower taxes, or pay for needed public services. States generally expand gambling operations when tax revenues are depressed by a weak economy, or to pay for new spending programs. Yet income from casinos and lotteries does not tend to grow over time as rapidly as general tax revenue. Expenditures on education and other programs will generally grow more rapidly than gambling revenue over time. **Thus, new gambling operations that are intended to pay for normal increases in general state spending add to, rather than ease, long-term budget imbalances.**^{[.iii](#)}

More troubling for taxpayers, gambling operators are not allowed to fail by the state. For example, when casinos come up short, states usually provide new infusions of money, reduced taxes, reduced funding for gambling addiction measures, or other concessions such as lifting smoking bans and loss limits, in order to sustain revenues and profitability.^{[.iiii](#)} **Public tax dollars too often prop up and subsidize gambling operators.** Rhode Island, Delaware, and New Jersey, to just name a few, have all recently taken special steps to help operators that might otherwise fail.^{[.iv](#)}

The push for more subsidies from taxpayers is going to intensify moving forward. Of the 47 states with gambling revenue, 27 states reported declines over fiscal 2014 with nine states reporting declines of more than 5 percent.^{[.v](#)}

[i] Lucy Dadayan at el, *State Revenues from Gambling: Short-Term Relief, Long-Term Disappointment*, Nelson A. Rockefeller Institute of Government, April 2016, http://www.rockinst.org/pdf/government_finance/2016-04-12-Blinken_Report_Three.pdf

[ii] Lucy Dadayan at el, *For the First Time, A Smaller Jackpot*, Nelson A. Rockefeller Institute of Government, September 21, 2009, at 19-20, http://www.rockinst.org/pdf/government_finance/2009-09-21-No_More_Jackpot.pdf

[iii] *Why Casinos Matter, Thirty-One Evidence-Based Propositions from the Health and Social Sciences*, Institute for American Values, Council on Casinos, September 2013 <http://americanvalues.org/catalog/pdfs/why-casinos-matter.pdf>

[iv] *Why Casinos Matter, Thirty-One Evidence-Based Propositions from the Health and Social Sciences*, Institute for American Values, Council on Casinos, September 2013 <http://americanvalues.org/catalog/pdfs/why-casinos-matter.pdf>

[v] *State Revenues from Gambling Show Weakness Despite Gambling Expansion*,” Rockefeller Institute, SUNY, March 23, 2015 http://www.rockinst.org/pdf/government_finance/state_revenue_report/2015-03-23_Data_Alert.pdf

OTHER FACTS:

Electronic Gambling Machines and Domestic Violence

For several years the relation between various gambling venues and domestic violence has been established in several studies. This particular study investigates the relation between electronic gambling machines and domestic violence reports by postal codes in Australia.

The study used police recorded domestic violence reports per 10,000 population in relation to electronic gaming machines per 10,000 by postal code. The researchers found that postal codes with no EMGs had 20% fewer family incidents per 10,000 and 30% fewer assaults. Around the world approximately 30% of women suffer domestic abuse during their lifetime. Gambling is an under-researched factor in domestic violence. For those researching domestic violence, gambling is a “hidden” factor.

What it says for all of us is that the presence of a casino is as important as the presence of good schools for the well-being and social health of our families, especially if a member of the family is a gambler.

Francis Markham, Bruce Doran, and Martin Young, “The relationship between electronic gaming machine accessibility and police-recorded domestic violence: A spatio-temporal analysis of 654 postcodes in Victoria, Australia, 2005-2014,” <http://www.sciencedirect.com> June 22, 2016.

Lottery Rigging

U.S. Senator John Thune, a Republican from South Dakota, has sent a letter demanding a hearing to the leaders of the Multi-state Lottery Association. He claims the lottery association has done little to assure that the theft cannot occur again.

Eddie Ray Tipton was convicted last year while director of security for MUSLA of rigging a multi-million dollar jackpot in the Iowa Lottery. He faces trial this month for other rigged lotteries in Kansas, Colorado, Oklahoma and Wisconsin.

The MUSLA fired Tipton, discontinued use of his computer, and has cooperated with the police. Senator Thune is not sure that is enough to prevent other riggings.

Chris Francescani, Senator Demands Answers on Lottery, NBC News, June 29, 2016, Available at <http://www.nbcnews.com/news/us-news/>

What Can Churches Do?

1. **Study the issue.** Visit www.ALCAP.com and www.StopPredatoryGambling.org to learn all you can about the realities of gambling. Obtain a copy of the DVD documentary, “Out of Luck” (“Education Edition,” which drops the sound on all but one of the offensive words – one word toward the end of the 1 hour and 45-minute movie slipped through the screening process).
2. **Speak out on the issue of gambling.** Write editorials and share on social media the negative facts about gambling. Until the legislature approves a constitutional amendment legalizing gambling, contact your legislators and let them know of your opposition, and that you are holding them accountable for their votes in the State House. If a pro-gambling constitutional amendment passes the legislature, then work with other opponents to convince people to vote against the amendment. Go to <http://capwiz.com/state-al/home/> to find your legislator your House Member and State Senator.
3. **Organize a Christian Life Committee or Ethics & Religious Liberty Task Force to keep church members informed on current issues.** ALCAP provides a list of suggested guidelines for such a committee (or task force).
4. **Give financial support to organizations like ALCAP and Stop Predatory Gambling.** Help us keep people informed about the addictive behaviors like gambling, alcohol and other drugs.
5. **Pray; pray; and keep praying!** We are engaged in a SPIRITUAL war and it requires spiritual weapons!