

STATE SANCTIONED GAMBLING IS A BAD BET

by Les Bernal, National Director, Stop Predatory Gambling. This testimony was before the Connecticut Legislature.

About fifteen years ago, *The New York Times Magazine* did a cover story on electronic gambling machines. The reporter toured the Nevada headquarters of America's biggest gambling machine maker, International Gaming Technology. During the tour he asked the IGT employees if they ever used the machines they made. The answer was no. One of the slot machine designers, when asked if he ever plays the machines he builds, "acted as if I had insulted him. 'Slots are for losers,' he spat."

These "Losers" are Americans

Let people gamble if they want, you may say. But we already have the freedom to gamble. Many Americans participate in office pools for the Super Bowl, NCAA March Madness brackets, or make casual wagers on the golf course with their friends. These informal events are examples of *social gambling*.

Social gambling stands in contrast to state-sanctioned gambling, or *predatory gambling*, that — by design — is much less constrained. State governments partner with powerful corporate gambling interests to operate and market for-profit gambling to their communities.

In state-sanctioned gambling, the "house" skims a large profit. It operates with aggressive and deceptive marketing to get people to gamble more often with bigger sums of cash. People often borrow money to participate. It goes on all day, every day of the week, year round. The result is the majority of taxpayers who rarely gamble must subsidize the scheme and foot the bill for the enormous social costs and state budget problems that gambling causes.

State Gambling Destroys Lives

The Economist recently reported

the American people had lost \$117 billion on state-sanctioned gambling in 2016. For example, how much money have the people of Connecticut lost? More than \$25 billion over the last 25 years.

The amount of money lost by Connecticut citizens in last 25 years (excluding losses on table games):

- Foxwoods: \$7,982,541,097
- Mohegan Sun: \$7,144,926,488
- Connecticut Lottery: \$8,963,242,182
- Off-Track Betting: \$1,000,000,000
- Total: \$25,090,709,767

According to the employment numbers provided by Foxwoods and Mohegan Sun, the two casinos employ about 14,000 people in either part-time or full-time jobs.

In contrast, by conservative estimates, at least 2-5 percent of Connecticut citizens are now gambling addicts. The state's population was 3.57 million in 2016, which means the number of citizens addicted to gambling is between 71,520 to 178,800 people. So five times more citizens have suffered life-changing financial losses because of gambling addiction than there are citizens who work at the state's casinos!

I urge you to ask your state's gambling operators this question: What percentage of their gambling profits comes from people who practice so-called "responsible gambling" behavior?

New York University Professor Natasha Schull, author of *Addiction by Design*, reported in one study of casual gamblers, 75 percent of casino visitors were casual gamblers, but they made up only 4 percent of gambling revenues. She wrote, "If responsible gambling were successful, then the industry would probably shut

down for lack of income."

"Responsible gambling" is nothing more than a slogan to give the appearance that citizens are not in danger. The profit model, and the resulting state revenues, are based on the out-of-control gambler.

Sports gambling will make irresponsible gambling even worse. In a survey of nearly 10,000 adults in Massachusetts, sports bettors had higher rates of problem gambling — 5.7 percent

— compared with adults who bet at casinos, bought lottery and raffle tickets, or made private bets.

Gamblers who bet online had even higher problem gambling rates, at 18.2 percent.

These online gamblers get into significant financial debt. In one of the few countries with legal sports gambling, Ireland, three-quarters of online gamblers have borrowed money or sold something in order to place a bet.

Why do people fall into debt because of sports gambling? If you make a bet with a friend, that's one thing, but if you do it against a sportsbook, you will lose money all the time. An ESPN journalist who covers gambling told an Ohio newspaper in 2016: "There was a study in Australia of the accounts at a major bookmaker. Out of 500,000 accounts, only 50 individuals were found to be profitable."

It's inevitable that your constituents will lose an enormous amount of money if Connecticut begins to

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promote sports gambling. How many other votes will you take that cause financial ruin in the lives of even one of your constituents back in your district? When you support this public policy, that's what you are doing.

Aggressively Hooking the Youth

Sports betting is dangerous for children. In countries with legal sports gambling, children are repeatedly exposed to harmful messages and advertisements about sports gambling, which normalize gambling. These kids come to see gambling as central to playing and watching sports and rather than talking about their favorite team, they talk about the odds of their team winning.

Sports gambling means gambling on almost any kind of contest you can imagine, including in-play betting, video games or eSports, or betting on pop culture TV programs like *The Bachelor* and *The Oscars*. Most of the gambling is online.

Gambling ads and marketing are ubiquitous in regions with commercial sports gambling. In the United Kingdom, one out of every five ads during a sporting event is a gambling ad.

A recent UK study found more than 250 separate gambling advertisements on screen during the BBC's Match of the Day. These ads were found on team uniforms emblazoned with the names of gambling companies; stadium and arena surfaces where continuous gambling ads surround the game itself; and pre-match and post-match interviews.

The Hypocrites Behind Gambling

One revealing truth that most gambling operators and many of the politicians they partner with have in common: With the zeal of a teetotaler, they do not gamble.

As Steve Wynn told *60 Minutes*, "The only way to win in a casino is to own it."

Jim Murren, the CEO of MGM who has been active here in Connecticut lobbying for another casino, admitted to *The New York Times* that he does not play slots or tables games.

NBA Commissioner Adam Silver, one of America's biggest boosters of government-sanctioned sports betting, confessed during a speech in Las Vegas in July 2014, "I personally enjoy being here, although I don't gamble as the Commissioner of the NBA for the record."

Even the founders of Draft Kings, the online gambling sportsbook, confessed to *The Boston Globe* that they "had never even stepped foot in a casino. The three of us have computer science degrees. We're a bunch of dorks that wanted to build something cool."

Why don't they gamble? Because gambling is financially reckless and dangerous. They know they will lose money. Gambling is a Big Con.

State Gambling is a Failed Policy

State-sanctioned gambling is an antiquated, outdated policy. It's a relic of past failures of leadership. States that continue to promote gambling will continue to languish.

Many legislators concede gambling has failed, but some continue to tout government-sanctioned gambling as a way to raise tax revenue. History has shown repeatedly that this argument is either overstated or wrong. A 2016 report by The Rockefeller Institute at SUNY-Albany found that while states that create new revenue streams from gambling may see momentary bumps in tax income, "the revenue returns deteriorate — and often quickly."

Beyond its status as a colossal budget gimmick, government-sanctioned gambling targets and exploits the financially desperate and cultivates addiction. It leads to increases in personal bankruptcy

rates and provides new avenues for crime and money laundering.

Government-sanctioned gambling forces the two-thirds of citizens who rarely or never gamble to foot the bill for the enormous social costs and state budget problems it leaves behind. You pay even if you do not play.

All of the citizens who do not gamble suffer a lower standard of living because of the state's gambling program. The economic impact of gambling is like throwing your money into the street and paying someone to pick it up. It's a sterile redistribution of wealth.

In 2016, 62 percent of New Jersey citizens said casino gambling has not been good for the state in a poll by Quinnipiac. In the Northeast the momentum is growing to address the problem of predatory gambling:

- New Jersey voters voted down a referendum to expand casinos in 2016, by 78-22 percent;
- New Hampshire rejected casinos again in 2017;
- Maine voters rejected casino expansion in 2017 by 83 to 17 percent;
- In Connecticut, a grassroots citizen network of organizations represents more than 1 million people against state-sanctioned gambling, the Coalition Against Casino Expansion.

[States have] the power to move away from an outdated and failed reliance on gambling and chart a better future to improve people's lives with compassion and fairness. 

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