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Harms of Legalized Gambling

Overview

The availability of legalized gambling, primarily casino gambling, exploded during the 1990's. In 1990, legalized casinos operated in only two jurisdictions – Nevada and Atlantic City. By 2005, there were 413 Indian-run casinos in 28 states, with 221 tribes operating casinos – more than half of all federally recognized tribes.¹

Research studies and government statistics repeatedly show that the arrival or expansion of gambling opportunities cause significant social problems to the county or localized area where the expansion has occurred. These social problems include increased bankruptcies, suicides, gambling addictions, divorces, child abuse, child neglect, embezzlement, domestic violence, theft, overall crime and exploitation of the poor. States may be waking up to the consequences of gambling. In the 2006 elections, the voters in four states—Nebraska, Ohio, Rhode Island, and South Dakota—considering gambling initiatives soundly rejected an expansion of gambling, despite millions of dollars of advertising encouraging a “yes” vote.

Increased Societal Problems

Numerous research studies and other statistical information have identified a strong link between our nation's recent increase in legalized gambling and increased societal problems. Economist Earl Grinols' calculations show that social costs outweigh benefits by a factor of \$190 to \$34, or 5.6 to 1.²

Increased Bankruptcies

A national study found that counties having at least one gambling establishment averaged 18 percent more bankruptcies than those counties without gambling. If the county had five or more gambling facilities, the increased rate was 35% higher.³

- In 2006, 228 callers to Arizona's Problem Gambling Helpline reported some kind of household payment default related to gambling debt. This represented 22.5% of callers.⁴

- A five-year Iowa study found that counties having a casino, racetrack or riverboat casino had a bankruptcy rate averaging 21% higher than the rest of the state.⁵
- Nevada, being the 35th most populous state, ranks 4th in terms of total bankruptcies.⁶
- Of California's 58 counties, the two with the highest bankruptcy rates, Riverside and San Bernardino, are both adjacent to Las Vegas.⁷

Increased Suicides

Gambling-related suicides are becoming an increasingly common tragedy. The extent of this phenomenon remains largely unrecognized due to reasons such as a desire by family members to protect privacy or attempts by suicide victims to make their deaths appear accidental for insurance purposes. Even so, the evidence paints a grim picture of the depth of despondency that often accompanies gambling habits.

- 20% of gamblers calling the Arizona Problem Gambling Helpline in 2006 reported depression as one of their mental health problems.⁸
- According to University of California-San Diego sociologist Dr. David Phillips, Las Vegas "displays the highest levels of suicide in the nation, both for residents of Las Vegas and for visitors to that setting." In Atlantic City, N.J., Phillips found that "abnormally high suicide levels for visitors and residents appeared only after gambling casinos were opened."⁹
- In Gulfport, Mississippi, suicides increased by 213% (from 24 to 75) in the first two years after casinos arrived. In neighboring Biloxi, suicide attempts jumped by 1,000% (from 6 to 66) in the first year alone.¹⁰
- At least 140 clients at Minnesota's six gambling addiction treatment centers have attempted suicide, according to the Minneapolis *Star Tribune*.¹¹
- A survey of nearly 200 Gamblers Anonymous members in Illinois found that 79% had wanted to die, 66% had contemplated suicide, and 45% had a definite plan to kill themselves.¹²

Increased Gambling Addictions

Gambling promoters frequently maintain that there is little, if any, relationship between the availability of gambling and gambling addiction. However, testimony from experts and data from gambling communities indicates otherwise. With the advent of Internet gambling, this problem has become even more pronounced.

“[Gambling] has more of a history of corruption than any other industry.”

- Former Illinois Senator Paul Simon, in testimony before the
1999 National Gambling Impact Study Commission

- The number of Gamblers Anonymous chapters in the United States has nearly doubled in the last eight years.¹³
- Addiction rates double within a 50 mile radius of a casino.¹⁴
- The percentage of Minnesota adults who demonstrated a serious gambling problem climbed 76% from 1990 (the year when Minnesota introduced its lottery) to 1994 (the year when a 17th Minnesota casino began operations).¹⁵
- The increase of pathological gamblers in Iowa rose by over 300% over the six-year period after casinos began operations.¹⁶
- A court-ordered temporary shutdown of video lottery machines in the state of South Dakota resulted in a drastic reduction of people seeking treatment for gambling addictions. Before the machines were shut off, addiction treatment centers averaged 11 gamblers treated per month. During the shut down, the average monthly number plummeted to less than one per month. Once the machines resumed operations, the average monthly number immediately jumped to 8.¹⁷
- In 2006, a former bookkeeper who worked in Rehoboth, MA pleaded guilty to stealing \$2.3 million from her employers to feed her lottery ticket addiction.¹⁸
- In Oregon, the number of Gamblers Anonymous chapters increased 1,000% within five years of the introduction of video poker machines.¹⁹

Increased Family Problems

- Twenty-eight percent of Gamblers Anonymous members reported being separated or divorced as a direct result of their gambling.²⁰
- 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.”²¹
- A nationwide survey of divorced adults found that “2 million adults identified a spouse’s gambling as a significant factor in their prior divorce.”²²

- The number of divorces in Harrison County, Mississippi, which is home to ten casinos, has increased by almost 300% since the introduction of casinos.²³
- 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.”²⁴
- In Indiana, a review of the state’s gaming commission records revealed that 72 children were found abandoned on casino premises during a 14-month period.²⁵
- In Louisiana and South Carolina, children died after being locked in hot cars for several hours while their caretakers gambled.²⁶
- Cases of child abandonment at Foxwoods Casino in Connecticut became so commonplace that authorities were forced to post signs in the casino’s parking lots warning parents not to leave children in cars unattended.²⁷
- According to the National Research Council, studies indicate that between 25% and 50% of spouses of compulsive gamblers have been abused.²⁸
- A University of Nebraska Medical Center study concluded that problem gambling is as much a risk factor for domestic violence as alcohol abuse.²⁹

Increased Rates of Crime

- 757 clients of Arizona’s Office of Problem Gambling from 2002 to 2006 were involved with illegal activity. This represents about 46% of their clients.³⁰
- The crime rate in Minnesota counties with casinos accelerated over 200% faster than counties without casinos.³¹
- The overall number of crimes within a 30-mile radius of Atlantic City increased over 100% during the nine years following the introduction of casinos.³²
- A *U.S. News & World Report* analysis found average national crime rates in casino communities to be 84% higher than communities without casinos.³³
- The number of court cases filed in Tunica County, Mississippi increased by over 1,600% during the five-year period after casinos began operating.³⁴

- The annual number of police calls jumped over 400% within the five years after the opening of the Foxwoods Casino.³⁵
- University of Nevada-Las Vegas researchers concluded that the state of Wisconsin experiences an average of 5,300 additional major crimes a year due to the presence of casinos in that state. They also attributed an additional 17,100 arrests for less serious crimes each year to the existence of casino gambling.³⁶

Exploitation of the Poor

- 58% of clients of the Arizona Office of Problem Gambling from 2002 to 2006 had yearly incomes of less than \$50,000³⁷ along with 41% of callers to the Arizona Problem Gambling Helpline in 2006.³⁸
- A study of 1,800 Minnesotans in state-run gambling treatment programs found that over half had yearly incomes of \$20,000 or less. The study also discovered that the amount of debt, as a proportion of income, was highest among the poorest gamblers seeking treatment.³⁹
- In New York, those living in the most impoverished areas of the state spent 800% more of their income on lottery tickets than did those living in affluent sections.⁴⁰
- A 2006 *Charlotte Observer* story on the state lottery found that those earning less than \$30,000 spent an average of \$627 per household on tickets every year. This was nearly triple the amount spent on tickets by those making more than \$50,000.⁴¹

¹ "Indian Gaming Economic Report," National Indian Gaming Association.

² Earl L. Grinols, "Cutting the Cards and Craps: Right Thinking about Gambling Economics," Prometheus Books, 2003, p. 14.

³ "The Personal Bankruptcy Crisis, 1997: Demographics, Causes, Implications & Solutions," SMR Research Corporation, 1997, p. 117.

⁴ Arizona Office of Problem Gambling, Statistical Information and Studies, www.problemgambling.az.gov/statistics.htm.

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⁶ Calculations based on data provided by the American Bankruptcy Institute.

⁷ 10 Ibid, p. 117.

⁸ Arizona Office of Problem Gambling, Statistical Information and Studies, www.problemgambling.az.gov/statistics.htm.

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“ The ABCs of legalized gambling — addictions, bankruptcies and crime ”
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