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Beware the Sucker Bet, Part 4

"Gambling is the child of avarice, the brother of iniquity, and the father of mischief." – George Washington

Even if there weren't a checkered and cautionary history of attempts to introduce casino gambling into Ulster County, going back to the Modocs... even if the credibility and motives of "Chief" Roberts and the Mohegans weren't tainted by suspect claims and spin... even if Wawarsing and Ellenville weren't desperate for any economic straw to grasp, no matter how flimsy or toxic... casino gambling would be bad for us.

Even discounting the moral arguments – that, for the individual, gambling is inherently a soul-destroying and character-weakening activity, corrosive to financial and family responsibilities, and fostering a worship of unearned wealth; and, that, for society and governments, dependence on gambling revenues makes the state both "junkie" and "pusher," forced into ever greater reliance on lotteries and casinos to meet budget shortfalls, as it becomes a smiling, seductive promoter to the poorest and most vulnerable among us of what it labels "criminal" activity if done by anyone else – the simple economics and examples from other communities should be enough to give us serious pause.

"Gambling is a catalyst for economic downturn. For every \$1 that gambling contributes in taxes, it costs taxpayers at least \$3 – and higher numbers have been calculated. The increased costs overwhelm the benefits when all of the costs are considered," warns John W. Kindt, professor of commerce and legal policy at the University of Illinois. He has demonstrated that casinos hurt local economies and local businesses due to: increased taxes; overall job loss; economic disruption of the non-gambling business sector; increased crime; and higher social costs generally. Local costs include: law enforcement; costs related to problem gamblers; infrastructure costs; and losses in sales tax and other potential revenue sources.

When Massachusetts started looking at casinos as a way to deal with their own financial problems, studies were done to assess the impact. Diane Jeffery, president of the *League of Women Voters of Massachusetts*, stated, "These studies and reports all conclude that casino gambling is not a solution to the fiscal problems that states face and definitely no substitute for reasonable tax policy. The perceived financial gain is easily outweighed by the myriad of problems that accompany the introduction of casino gambling." Ms. Jeffery summarized some of the main problems associated with casino gambling:

* Gambling is a business that drains the economy; it does not bolster it. Independent research has shown that for every \$1 earned in revenue from casinos, \$3 is spent in the costs associated with them. (*Gambling in America: Costs and Benefits*. Earl Gringols, PhD, 2005.)

* Not one state in this country has ever solved its budget problems with gambling revenues. In 2006, New Jersey, with its 17 casinos, had to shut down its state government due to a budget crisis.

* Casinos will not bring an economic multiplier effect; cities like Atlantic City and Detroit and states such as Louisiana and Mississippi continue to languish despite their heavy concentration of casinos. Casinos lower a region's standard of living by attracting many low-wage casino jobs and merely act as a jobs transfer, not a job creator. ("Gambling numbers don't add up." *Boston Business Journal*, 9/21/07)

Professor Robert Goodman, in his study entitled, *Legalized Gambling as a Strategy for Economic Development*, describes the effect of gambling on local business. A study in South Dakota, a year after legalizing video gambling in the state, showed "significant declines for selected activities such as clothing stores, recreation services, business services, auto dealers, and service stations... In Atlantic City, homelessness increased after the introduction of casinos, while clothing stores and eating and drinking establishments declined. Only a few retail stores opened in the off-Boardwalk and downtown areas." He points out that compulsive gambling is a major

influence causing regional economic decline. His research, along with that of Yaffee and Politzer, shows that compulsive gamblers drain regional economies of billions of dollars per year because of costly social programs and damage to existing businesses.

We are promised that regional economies will prosper with the advent of the casinos, and that local hotels, restaurants, and other commercial businesses would benefit from the coat-tail effect of casino gambling. Yet countless studies have demonstrated that any potential benefits of gambling are outweighed by economic and social costs, and that gambling consumes more wealth than it creates. Gambling offers only illusory benefits to most state and local governments, because the revenues they derive directly and indirectly from gambling are more than offset by the social costs of lost productivity, crime and embezzlement by addicted gamblers, and the loss of tax revenues from other businesses (like restaurants, entertainment venues, and retail establishments) with the diversion of discretionary spending to gambling. The term for this phenomenon is *cannibalization of resources*. "Money for gambling is usually diverted from people's discretionary expenditures. Not only are dollars diverted from other products and services, but governments often also lose the sales taxes which would have been spent on those products and services," says Professor Goodman.

According to a 2001 *NY Times* article, economists warn that casino gambling is especially problematic if the money bet at the casino comes from people living within 50 or 60 miles. If the casino fails to "import" gamblers, then "it merely transfers money that would be spent at other local businesses to the casino operators."

According to a report done by Don Phares of the *University of Missouri*, 72.6 % of gaming revenues come at the expense of other spending within the community, including retail and entertainment spending, and savings.

The creation of jobs by a casino is also a myth, and even the jobs that are available are jobs that are temporary, without job security, and without a career plan or future. These are low-paying jobs that do not generate spending in the local economy; many research reports have reached the conclusion that a casino actually leads to a decrease in job growth.

Casinos promise to create thousands of jobs, but Professor Kindt said, "The field research indicates that nationwide you stand to lose 1.5 jobs for every job the casinos create. In Chicago the field research indicated that 2 to 2.75 jobs would be lost if a land-based casino were built."

Research sponsored by the *Illinois Business Review* in 1994 was done on four riverboat communities to determine if the communities really experienced increases in employment as promised by gambling proponents. The reports state that "before and after comparisons suggest that riverboats did not create the jobs that were promised, and in fact, had little effect on reducing unemployment." They further found that "none of the riverboats for which a full year of post-opening data was available showed a significant effect of the riverboat on reducing unemployment or increasing employment, though one showed a significant negative effect on employment."

A recent study by the *California Association of Counties* found that, in eight California counties home to tribal casinos, the combined cost in road, public safety, and other impacts was \$200 million. These local governments received just \$21.4 million from the tribes.

We would likely get a small stipend in lieu of taxes from the tribe, if anything, that is not even close to offsetting the costs we will incur. There's no guarantee we'd see a penny, as the sovereign nation status of the casino means any promises cannot be legally enforced in US courts. If the land becomes sovereign territory, in effect it is a separate nation and exempt from all local and state regulation – including zoning, state environmental and no-smoking laws. The tribe may agree to some restrictions, but local governments have no legal leverage. The bulk of casino stipend revenue will go to the state and get distributed to all towns. There's no guarantee that we'll get any more than any other town – despite the strain on local services that we will have to pay for. Again, for every stipend dollar taken in from gaming, there is an outlay of three dollars for infrastructure costs, relatively high regulatory expenses, criminal justice, and social-welfare expenses.

Next: Snake Eyes... Crime, corrupt politics, gambling addiction, negative effects on families.