



# **Making a Public Argument on Gambling**

INSTITUTE FOR AMERICAN VALUES

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# Legalizing Casinos: Jobs Have Nothing to Do with It

By David Blankenhorn

*Deseret News*

July 11, 2014

Whenever it comes to defending casinos and pushing for more of them, the theme of "jobs" is invariably front and center.

In New York, which recently legalized casinos, the main political action committee promoting casinos was called "New York Jobs Now" and Gov. Andrew Cuomo's favorite pro-casino argument was that they "promote job creation." In Massachusetts, where voters this fall will decide whether to repeal the pro-casino law passed by the legislature in 2011, by far the loudest message coming from the casino lobby is jobs, jobs, jobs.

The argument is highly misleading. To see why, let's start with Economics 101.

If I open a business that employs people, I'm "creating jobs," but does that prove that I'm helping the economy? Of course not. Economics 101 teaches that the question is not "Do people work here?" but rather "Does this activity contribute to economic growth?" And current economic research clearly suggests that casinos do not help the economy.

The reason isn't hard to understand. What expands the economy is producing things of value, and casinos produce nothing of value. If I open a doughnut stand, I'm producing doughnuts. If I build a tire factory, I'm producing tires. The only thing a casino produces is people losing their money. The economic impact is similar to throwing your money on the street so that someone else can pick it up – it's redistributing wealth without creating it.

But it gets worse, because what casinos do isn't neutral, either ethically or economically. Casinos prey upon people's weaknesses to separate them from their money. Slot machines and other casino games are forms of fraud, similar to loan-sharking, false advertising and price-gouging.

Economists have much to say about the economic impact of businesses that cheat and exploit people, and it's the opposite of what the casino lobby says. If I start a loan-sharking business in your town, it's true that I'm "creating jobs." I'm also creating jobs if I open a brothel or turn an abandoned building into a crack house. But would any of this help the economy? Of course not. Such activities typically drag a community down, economically and in other ways. Bad ethics usually lead to bad economic outcomes.

In "Gambling in America: Costs and Benefits," generally viewed as the definitive study of the topic, Earl Grinols estimates that every dollar of economic gain from casinos is offset by three dollars of economic loss. If you like that ratio, you may want to consider playing slot machines twice a week as a way to improve your personal finances.

Why do casino advocates center their public argument on "jobs, jobs, jobs" when the argument is so obviously misleading? There are three reasons.

The first is economic illiteracy. Many people, including many in public life, do not understand the difference between counting "new" jobs and assessing an activity's overall economic impact.

Second, the argument gains undeserved ground because the economic gains from casinos flow to specific and well-organized groups – casino owners, casino employees and state governments – while the losses, although greater than the gains, are much more widely diffused. Which wheel is more likely to squeak loudly and get the grease – the influential few who will gain a lot, or the general public who will pay through the nose over time?

Finally, I've learned from personal experience that casino lobbyists will say nearly anything to avoid discussing the actual reasons for casinos. That's why even the act of publicly engaging their talking points about "jobs" drives people like me nuts, because once the cameras are turned off and the public has been fed its pabulum, none of the inside players even remotely believe that "jobs" are what this debate is really about.

Rest assured that in the real world casino owners are not philanthropists seeking to provide you with employment. They are predators seeking to take your money in exchange for nothing by enticing you to play rigged games of chance in which they always win and you always lose.

It's the same with the politicians who legalize and promote casinos. You can be confident that they aren't doing it to spread economic sunshine. They're doing it because they see in casinos a big sign made specifically for them that says "free money." A few decades ago, when mobsters ran casinos, they regularly gave suitcases filled with cash to the politicians who protected them. The same thing happens today, except that the payoffs are legal and are called taxes. But the process is the same and so are the ethics. And "jobs" have almost nothing to do with any of it.

*David Blankenhorn is president of the Institute for American Values.*

# Gaming the Poor

By Barbara Dafoe Whitehead  
*New York Times*  
June 21, 2014

In a referendum in November, voters approved as many as seven new casinos to join New York State's existing nine gambling facilities. And New York is hardly alone. In recent years, 23 other states have legalized and licensed commercial (as opposed to Native American) gambling facilities. In the casino-dense Northeast and mid-Atlantic regions, where 26 casinos have opened since 2004 and at least a dozen more are under development, most adults now live within a short drive of one.

Not surprisingly, the closer casinos come to where people live, the more likely people are to gamble at one. As casinos have spread into de-industrialized cities, dying resorts and gritty urban areas, the rate of gambling participation has grown among lower-income groups.

In America's increasingly two-tier economy, casino industry leaders realized that they didn't have to cater exclusively to well-heeled consumers in order to rake in profits. Payday lending, rent-to-own stores, subprime credit cards, auto title loans and tax refund anticipation loans all evolved to extract high profits from low-income groups. And the newly established state-licensed casinos have their methods, too.

A research team from the University at Buffalo and SUNY Buffalo State has conducted studies that offer new evidence of the exploitative effects of casino gambling on lower-income Americans. For example, the researchers found that the rates of casino gambling participation and frequency of visits have increased among lower-income groups. Easy access to casinos is a key factor. Living within 10 miles of one or more casinos more than doubles the rate of problems from excessive gambling. Another factor is easy access to slot-machine gambling. Women and the elderly have become more likely to gamble in recent years, partly because of a preference for nonskill slot-machine gambling.

The casinos' method is to induce low-income gamblers to make a huge number of small bets per visit, to visit the casino several times per month, or even per week, and to sustain this pattern over a period of years. The key to executing this method is the slot machine.

Most regional casinos are essentially slot parlors. Slot machines are nowadays sophisticated computerized devices engineered to produce continuous and repeat betting, and programmed by high-tech experts to encourage gamblers to make multiple bets simultaneously by tapping buttons on the console as fast as their fingers can fly. Natasha Dow Schüll, an anthropologist at the Massachusetts Institute of Technology who has written the definitive work on gambling-machine design, notes that as gamblers deepen their immersion, they become less interested in winning itself than in simply continuing to play.

Slots will accept bets in denominations as small as a penny – one reason they are attractive to small bettors. But even penny bets placed on each of multiple lines for each spin, after hundreds of spins, can result in large losses.

The goal, though, is not to clean out the gambler in a single visit; it's to provide an experience that will induce the gambler to prolong the time spent on the device. The slots achieve this by carefully regulating the rhythm, tempo and sound ambience of the play, while doling out occasional small wins even as the players' losses slowly increase.

One way these computerized pickpockets milk their customers is by generating "near misses," whereby the spinning symbols on the machine stop just above or below the winning payline. The feeling of having come oh so close to a win prompts further play.

A second goal is to ensure that gamblers visit more often and continue to do so over time. Through player loyalty cards and other marketing programs, casinos collect a vast amount of information on their customers. This enables them to devise customized strategies to get gamblers to adhere to this pattern of frequent play over long duration.

Casinos also gather information on their customers' worth, as well as their "predicted lifetime value." From this information, we might be able to calculate what percentage of customers come from the bottom half of median income distribution, as well as how much these low-income gamblers lose as a percentage of their income. We might also be able to tell how the regional casinos catering to lower-income gamblers are affecting income inequality in their localities.

The casinos do not, of course, disclose this information, and the states that share in the revenues generated through gambling losses do not press their commercial partners to do so. As a result, the limited data available to the public on the impact of casino gambling has been gathered by a few outside sources.

A large-scale survey of adults, conducted by the Buffalo group in 2000, found that lower socioeconomic and minority groups who visited casinos had more gambling-related problems, including financial difficulties. This suggests that their losses, as a share of their income, were greater than those in the upper income distribution.

Examining 15 types of legal gambling, the researchers came to a striking conclusion: Casino gambling had by far the most harmful effects on people at the lower end of the income ladder.

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# Florida Will Lose with Gambling

By Paul Davies  
*Tallahassee Democrat*  
February 28, 2014

State Sen. Garrett Richter's sweeping gambling plan for Florida is long on expansion and short on reform.

Give Richter, R-Naples, credit for understanding that Florida's current gambling policy is a hodgepodge of plans slapped together over the years to fit the various desires of different gambling interests. But his three bills – including one 453-page bureaucratic behemoth – are mainly about legalizing two Las Vegas-style casinos in South Florida.

The rest is a smokescreen. The biggest reform is laughable: dog tracks will have to report injuries to greyhounds.

To be fair, the bill would create a five-member Gaming Control Board appointed by the governor. It remains to be seen if the Gaming Board would be about regulating or rubber-stamping the gambling industry.

In Pennsylvania, the gaming control board was quickly packed with cronies who awarded casino licenses to a bunch of politically connected applicants. One winning applicant was a major donor to a state senator and a convicted felon who later was indicted, charged with lying about his mob ties. The chairman of the gaming board was the governor's college buddy, who eventually left the board and resumed running a large Philadelphia law firm that represents some of the casino operators.

In Massachusetts, the gaming commission has yet to issue a casino license and is already ensnared in scandal regarding lavish travel expenses for luxury hotels, expensive flights and meals and top-rated restaurants around the world.

To be sure, creating an independent, regulatory framework to oversee all the gambling options already available in Florida is a good idea. But the state should focus on implementing the regulatory structure before enabling a major expansion of gambling. Pushing casinos and reforms at the same time – as Richter's unwieldy bills show – is akin to trying to change the tires on a moving race car at the Daytona 500.

This gets to the larger question: Why is Florida even considering more gambling? Residents are not clamoring for casinos. In fact, Florida voters have rejected efforts to legalize casinos in 1978, 1986 and 1994. A plan to bring three casino resorts to South Florida died just two years ago.

Lawmakers are merely responding to the gambling industry's ferocious lobbying and outsized campaign contributions. This is a public policy issue being driven by special interests. The impact of more gambling on the public is an afterthought.

In fact, only after casinos are legalized does Richter's bill call for a constitutional amendment to give voters a say in any future gambling expansion. Talk about closing the proverbial door after the race horses, greyhounds, slot machines and poker players are out of the barn.

The big casino operators driving this bill – Genting and Las Vegas Sands – would likely welcome a constitutional amendment after they get their casino licenses. Such a provision would make it harder for competitors to come into Florida.

If lawmakers really wanted the public's input, they would pass the amendment before moving forward with more gambling. Even better, if the lawmakers really cared about the public interest they would tell the Malaysian-based Genting and Las Vegas-based Sands to go away.

After all, studies show that where casinos locate there is an increase in crime, bankruptcy, suicide and divorce. One study by economist Earl Grinols found that every \$1 a casino brings in creates \$3 in social and economic costs.

Casinos do not generate much new spending but instead divert it from existing businesses. Even more problematic, studies show that anywhere from 30 percent to 60 percent of casino customers are repeat and problem gamblers. In particular, today's slot machines are sophisticated computers that are designed to addict gamblers.

Does the state really want to fund the government by preying on more gamblers?

Richter's bill overlooks one other major detail. Allowing commercial casinos could nullify the state's compact with the Seminole Tribe, which gives the state \$230 million a year from slot machines and card games at its casinos.

Sen. Richter doesn't know if the proposed additional gambling would offset the potential loss of revenue from the tribes. In other words, Florida could end up with more gambling but even less money for state coffers.

Talk about a bad bet.

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# The Harmful – Even Deadly – Effects of Casino Gambling

By Amy Zietlow  
*The Tampa Tribune*  
February 23, 2014

The headline was stark: “Gambler jumps to his death at the Resorts World Casino at the Aqueduct Racetrack in Queens, N.Y.” A few spare details followed: A man, name not released, leapt from the second-floor balcony of the gambling hall on Feb. 7, at 5:50 p.m. He died at Jamaica Hospital three hours later.

Just a few months ago, I stood in that very spot in the sprawling Queens slots parlor run by Genting, the Malaysian-based gambling giant that is pitching a similar mega-slot facility in Miami. I hadn’t come to the casino to get lucky, let alone think about suicide. I had come to Queens to see for myself what was going on in one of America’s fast-proliferating regional casinos and to talk to people who were spending a bright summer day inside a dark slots barn.

What I discovered gave me insight into the deadly effects – including the ultimate act of human despair – that are linked to modern casino gambling.

Florida lawmakers need to think about these effects as they weigh whether to expand gambling in the Sunshine State.

Casino gambling is not new, but two features are. One is the growth of gambling participation among older adults. In the 23 states with commercial casinos, roughly half of the patrons are age 50 and over. In Florida, with nearly 37 percent of the population 50 and over, gambling represents a huge potential market.

The second new feature is the 21st-century slot machine. Gone are the traditional one-armed bandits. They have been replaced by sophisticated, highly technical computerized devices that have simultaneously democratized gambling and intensified gambling problems.

Simply put, the new slot machine is engineered to addict people. It produces a mesmerizing experience of sound, lights and repetitive motion that makes both time and money vanish. Players talk of “disappearing” into the machine and getting into a zone.

Seniors, who may suffer from physical, mental and emotional health problems, are especially at risk of succumbing to computerized slots. Medication, cognitive impairment, depression and just plain sadness can interfere with judgment and decision-making. And the casino itself – dark, smoky, and filled with incessant noise, pulsating light and dizzying carpet patterns and layout — can contribute to mental confusion and disorientation. It is not uncommon for older people to suffer sudden heart attacks while playing the slots. Most casinos now have cardiac defibrillators on site.

Casinos cater to seniors in order to reel them in. They provide wheelchairs, scooters, and adult diapers for their older patrons. They offer come-ons like free transportation, cheap breakfast and

lunch deals, free play rewards, and medication discounts. One casino even introduced an in-house pharmacy where 8,000 slot club points, awarded for frequent play, cover the \$25 co-pay.

In my tour through Resorts World, I witnessed what happens when slots and seniors come together. Slots stretch for miles across the casino floor. A silver-haired person with a cane, walker or wheelchair filled every seat in the rows of slots. Each person sat silent and solitary, frozen in the ergonomically designed chairs, eyes locked onto the electronic screen, moving just one finger to hit “repeat bet” again and again. I had imagined people pulling levers on the one-armed bandits, but with the new computerized devices it now takes just a quiver of a muscle and a fraction of a second to make multiple bets.

At the Prince of Lightning slot machine, I met Judy, who wore a retractable cord connecting a player’s card on her belt to the machine.

Casinos use the cards to track when gamblers come and go and how much they spend.

In return, gamblers get rewards points to keep coming back.

I had to speak loudly over the constant din of machine sound and repeat myself several times to catch her attention.

I asked her how to play.

“You want four of the ladies in a row, and the lightning guy is always good,” she answered, without taking her gaze from her screen.

I asked if she came to the casino often, and Judy replied, still staring at her machine, “Uh, two or three times a week.”

“Do you like coming?”

“Oh, I guess ... it’s something to do,” she shrugged, still fixated on the screen.

According to researchers, older women like Judy are the new face of gambling.

Unlike men, who generally are “action” gamblers, women are “escape” gamblers. They turn to slots for the morphine-like dulling of emotional pain from stress, loneliness, depression and the burdens of caregiving.

Women tell researchers that they want to “zone out,” to feel numb, to forget their troubles for a while. Slots, some say, are their therapy.

Older women, who report high levels of frequent emotional distress, are susceptible to escape gambling and to faster onset of full-blown addiction.

All the seniors I spoke to echoed Judy's apathetic reply for why she comes, and thus casinos should change their ads to:

“Come Kill Time at the Casino. You Have Nothing Better to Do.”

I left the casinos feeling depressed myself and was not surprised to learn that Las Vegas displays the highest level of suicides both for residents and visitors.

After casinos opened in Atlantic City and other towns, the number of suicides there increased.

My thoughts return again and again to the gambler in Queens who ended his life at the Resorts World casino.

I cannot forget the image of his leap or ignore the dark irony of his suicide at an “entertainment” licensed by the state and marketed as wholesome fun.

Nor can I dismiss this singular act as something done by a disturbed person and “not my problem.”

If casinos were private businesses, I could stop patronizing them. But casinos are licensed and regulated by state governments.

Non-gamblers like me may benefit from the tax revenue states collect from casinos, but we also share in the social and economic costs.

So when a man jumps from a casino balcony at 5:50 p.m. on a Friday in February, his death is our problem, too.

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# Casinos' Economic Harms Trump Gains

By David Blankenhorn  
*Orlando Sentinel*  
February 20, 2014

The gambling lobbyists who've converged on Tallahassee are excellent at making promises. Fantastic economic growth, billions in new revenue, smarter children, redder roses — all this and more will soon be ours, they assure us, if only Florida's legislators will give them what they want, which is a string of Vegas-style casinos in South Florida.

But while gambling-industry leaders make rosy predictions about the future — after all, these are the folks who say that putting your money into their slot machines will bring you "luck" — they are noticeably reluctant to discuss what is actually happening in the United States right now. This reluctance should not surprise us. Recently, a group of 40 scholars and leaders from across the country (I was one of them) carefully reviewed the current social-science evidence on the role and impact of casinos in America. Our report, "Why Casinos Matter," makes it quite clear why gambling advocates would rather predict the future than discuss the present.

First, independent research overwhelmingly shows that casinos do not contribute to economic growth over time, mainly because they don't produce anything of value. A tire company makes tires. A doughnut shop sells doughnuts. All a casino does is take your money. That's why most economists conclude that gambling doesn't create wealth; it just redistributes it. In addition, casinos contribute directly to economic problems, including higher crime rates and higher levels of bankruptcy and household debt. That's why, according to many economists, casinos not only fail to help the economy, they actually weaken it.

The gambling industry likes to brag that new casinos will provide jobs for the construction workers who build them and the people who work in them. That's true. But what they never tell you, and what study after study shows, is that those economic gains are typically outweighed by the larger economic harms that casinos represent.

Second, a range of careful studies shows that from 35 percent to 55 percent of all revenue from casino gambling comes from problem gamblers — people whose excessive gambling is causing serious harm to themselves and to those around them. Casino owners say that only a small proportion of Americans are problem gamblers. That's true. But what's just as true, and what they'd apparently rather not admit, is that their business model depends decisively on money taken from highly vulnerable problem gamblers. Would we want our government to favor and help to expand the liquor industry if half of that industry's income came from alcoholics?

Third, casino gambling today primarily means slot-machine gambling. Casino owners like to create ads showing happy, upscale people watching a spinning roulette wheel or playing card games at a table. But the reality is quite different and much uglier.

More than two-thirds of casino revenue today comes from slot machines, and more than two-thirds of casino floor space is devoted to slot machines.

Slot machines are particularly noxious gambling devices. No skill is involved. Slot machines are highly addictive and are intended to be so. They frequently attract vulnerable people seeking temporary escape from fear, depression, stress or boredom.

Slot-machine players are disproportionately lower-wage workers, minorities and retirees — the people least able to afford the inevitable losses. And of course, the players can't win. Some individual spins win more than was bet, but no steady player can beat a slot machine. That's why casino owners love them. If you put your money into one, you are betting against a computer that has been programmed to cause you to lose. Slot machines are rip-offs, plain and simple.

Finally, legalizing casinos is a terrible way for the government to raise money. It's regressive, basically a transfer program from the have-nots to the haves. It's quite costly. One respected study shows that every dollar going to government from casinos is matched by about \$3 in social costs. And it's shockingly inefficient. The proportion of a gambler's losses that goes to government is fairly minor compared to the amount that goes to the casino owners, with no positive social result.

When casino owners lobby lawmakers, the big promises flow thick and fast. And who knows? Maybe tomorrow, all evidence notwithstanding, horses will fly and we'll all get something for nothing. Wanna bet on it?

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# Wanna Bet? Gambling and the Decline of Decency

By David Blankenhorn

*The American Interest*

Winter (January/February) 2014, Vol. IX, No. 3

Are you curious why so many U.S. states — New York recently became the 25<sup>th</sup> — are turning to casinos as a source of revenue, and why so many voters seem to favor the idea? Perhaps politicians and citizens alike are unperturbed because the key words needed to speak intelligibly about the subject, not least “gambling” and “casino”, have lost nearly all integrity and moral charge. Indeed, you can hardly find these words at all in recent debates. Those with big money at stake in the gambling industry — pardon me, the “gaming” industry — have spent enormous sums of time and money trying to convince Americans that what they once viewed as “gambling” does not exist and that “casinos” are places where Americans go for harmless entertainment. They are lying about this, and they are lying for the basest of reasons: greed. Gambling does not mean playing games. It is anything but harmless, and cannot honestly be described as simply another form of entertainment.

The incomparable Lewis Carroll alerted us long ago to the perilous fungibility of language: “‘When I use a word’, Humpty Dumpty said in rather a scornful tone, ‘it means just what I choose it to mean — neither more nor less.’” And the equally incomparable George Orwell counseled us what to do about it. He first warned that “political language . . . is designed to make lies sound truthful and murder respectable, and to give an appearance of solidity to pure wind.” He later added: “We have now sunk to such a depth at which the restatement of the obvious is the first duty of intelligent men.” That, precisely, is what we are about to do as we examine the pernicious role and brazen encroachments of gamble-speak in our national conversation.

The *Oxford English Dictionary* tells us that historically a “gambler” was a “fraudulent gamester” or “sharper” (someone who cheats) and that “gambling” meant cheating or playing unfairly in games of chance involving a financial exchange. The *OED* follows Samuel Johnson’s famous *Dictionary* of 1755, which defines a “gamester” as “a knave whose practice it is to invite the unwary to game and cheat them.” It de-fines the phrase “to game” as “to play wantonly and extravagantly for money.” The *OED* and later the *Encyclopedia Britannica* both state that the terms “gambling” and “gambler” have historically been “terms of reproach.”

The notion of gambling as cheating, more specifically as treating another person (especially a vulnerable person) unfairly to gain possession of that person’s money, is deeply ensconced in American culture and law. A U.S. church commission once called gambling “theft by indirection.”<sup>1</sup> Entirely typical, too, was the Oklahoma penal code of 1919, which specified various types of “vagrants”, including beggars, drunkards, anyone involved in what the law delicately called a “house of ill fame”, and “any professional gambler, or gamblers commonly known as tin horn gamblers, card players or card sharps.” In *The Hustler*, Walter Tevis’s masterful 1959 novel about the world of big-time pool players, “gambler” is another term for “hustler”, which means a skilled player who deceives the unwary. Notwithstanding the efforts of today’s “gaming executives” to convince us of the benign quality of casino “entertainment” and

the pleasures of “destination gaming locations”, the notion of *unfairness* that permeates these words lingers, as well it should.

Just as “gambler” and “cheat” often went hand in hand well into 20<sup>th</sup>-century America, so the terms “bandit” and “sucker” have been publicly linked to slot machines ever since their invention in New York and California in the 1880s. A 1950 *Life* essay called the mid-century slot machine “the biggest sucker trap in gambling.” More recently, a 2004 *New York Times Magazine* essay called the modern, computer-based slot machine a “pulse-quickenning bandit.” These traits, inextricably connected to the quality of unfairness, help explain why most American political jurisdictions made slot machines illegal in the first place.

But we’re not quite finished with this remarkable word, “gambler.” If, as we’ve seen, a professional gambler (as opposed to friends who sit down for a private recreational poker game from time to time) is someone who makes his money by victimizing the vulnerable at games of chance, a contemporary “gambling house” does exactly the same thing, only on a larger, more organized scale. And consider the irony in this: Notwithstanding the use of the word “gambling” to describe such people and institutions, “gambling” in the sense of taking a risk is exactly what these people and institutions *never* do. The business model of the gambling house avoids actual gambling with as much fastidiousness as a Sunday school superintendent and all the determination of an old-fashioned temperance crusader.

Hence the notorious criminal Arnold Rothstein was often described in the press as a “gambler”, but he never actually gambled. When he fixed baseball’s 1919 World Series for the sake of a large insider bet against the Chicago White Sox, he was betting on a sure thing, since he had already bribed the White Sox to lose.<sup>2</sup> So it is with gambling houses. Gambling houses *never* gamble. To gamble, *Godfather* author Mario Puzo wrote in his 1977 book *Inside Las Vegas*, is to risk — and gambling houses in America take in billions each year precisely because they do *not* take risks. Puzo dearly loved Las Vegas. He gambled there often and with great pleasure for many years. At the same time, he knew that a real-world bottom line exists, which he aptly called the “ruin factor”: “Gambling is foolish because you cannot win. The casino or house has that 2 percent to 14 percent edge on the player in every kind of gambling. A gambler is a loser.”

Gamblers Anonymous, the self-help organization for gambling addicts, agrees; as one member put it, “Show me a winner, and I’ll show you a liar.”<sup>3</sup> Even those who design slot machines concur. Researching his 2004 piece for the *New York Times Magazine*, Gary Rivlin asked a prominent slot machine designer at International Game Technology if he ever put his own money into the machines he designed. The man “acted as if I had insulted him”, Rivlin wrote: “‘Slots are for losers’, he spat.”

The designer is right, and he should know. After all, the primary goal of today’s slot machine designers is to take a simple computer that has been programmed to cause the player to lose, and imbue it with enough lights, animation, interactive videos, noisemakers, spinning colors, “cherry dribbles” (small payouts) and “near misses” (false suggestions that you “nearly won” your last spin) to maximize what they call “time on device.” This metric matters immensely, because it determines how much money the casino makes and how much, on average, the player loses. And let’s be clear: There are no exceptions to this rule. Whether the slot machine “game” in question is being “played” by a math genius from MIT or a casually curious chimpanzee, the results do

not and cannot vary over time. For the steady player, it cannot be a question of winning or losing. The only question is how fast you lose — and that’s a question the designers care about deeply.

These facts explain why professionals in the “gaming” industry almost never themselves “game.” Of what other profession can this be said? Movie moguls watch movies. Auto executives drive cars. Tobacco company executives typically take pride in pointing out that they themselves are smokers. But the people who run organized gambling seem never to spin a wheel, throw dice or put some of their own money into a slot machine. Why would they? Gambling is for losers.

Everyone in and around the gambling industry knows this. David G. Schwartz’s 2003 book *Suburban Xanadu* exalts the value and wholesomeness of casino gambling, possibly in part because his Center for Gaming Research at UNLV is funded by gambling corporations. Not surprisingly, Schwartz begins the book with this sentence: “A great number of Americans gamble although some, like me, don’t.” Steve Wynn, Chairman of the Board and Chief Executive Officer of Wynn Resorts, Limited, and the man who more than anyone else created the modern Las Vegas strip, thinks Schwartz’s book is terrific, and yet he doesn’t gamble either. “The only way to win in a casino is to own one”, Wynn said in an interview.<sup>4</sup>

Casino owners prefer the word “gaming” rather than “gambling” to describe what goes on in their establishments, but the best word of all from their perspective is “entertainment.” To hear them tell it, it’s all about how we choose to “entertain” ourselves. Some choose the opera, others prefer baseball games, and some choose casinos. The gambler — sorry, the person being “entertained” by the casino — is alleged to be saying, in effect, “I enjoy betting, and I pay for the pleasure, just as you pay for travel or the theater.”

Sorry. Entertainment, as a dictionary will tell you, is activity that aims to delight, amuse or please. Sometimes it involves a financial exchange (buying a concert ticket), and sometimes it doesn’t (playing charades). When a financial exchange is involved, the exchange (buying the ticket) exists only to facilitate something else (enjoying the concert).

But gambling is always and in essence a financial exchange. Any entertainment connected to the exchange — any pleasure, excitement or stimulation — stems from the exchange itself and cannot exist without it. (Would people go to casinos if no one could win or lose money in them?)

Gambling, then, is a non-instrumental financial exchange, which takes place not in order to facilitate something else, but for its own sake. Conflating the terms “gambling” and “entertainment” therefore constitutes a category mistake. It is disingenuous to claim that the former can be a sub-category of the latter. There is some subtlety to acknowledge here, just as there is subtlety in other comparisons of non-alike experiences. For example, some people prone to violence may be delighted or entertained by killing their enemies. Some people suffering from depression may derive pleasure from getting drunk with their friends. But neither murderers nor drunkards have ever proposed that murder and drunkenness are simply two forms of entertainment, because to do so would constitute an obvious attempt to mislead.

All forms of casino gambling have in common numerous characteristics that don't exist in actual entertainments, such as attending your daughter's soccer game or listening to music. For example:

- No other form of “entertainment” causes significant harm to people who “enjoy” it frequently, including the loss of thousands of dollars per hour.
- No other form of “entertainment” depends on profits generated by those who suffer from problems of addiction linked to the entertainment.
- No other form of “entertainment” is often urged (and typically refuses) to provide information to those being entertained about its risks.
- No other form of “entertainment” provides free alcohol to those being entertained with the express purpose of encouraging impulsivity, faulty cognition and reckless behavior.
- No other purported form of “entertainment” requires such high levels of taxation, regulation and government oversight when it constitutes a business as opposed to a private, small-scale activity and, most regrettable of all:
- No other form of “entertainment”, in recent times, is heavily promoted by government.

Just as gambling does not mean gaming or entertainment, a “casino” these days is not a casino. A “casino” is the diminutive of the Italian word “casa”, so casino is literally “a small house.” Today, in Italian, the word “casino” mainly means a bordello. So how did the word acquire its contemporary English meaning?

In 1897, *Architectural Record* published a long photo essay titled “The Villas of Rome.” The word “casino” appears many times in this essay, along with photos of lovely old casinos, since for most of the word's history “casino” referred to the pleasure-house, or second or country home, of the Italian aristocracy. Over time, however, especially as the owners of these homes, in Spain as well as in Italy, made them increasingly available for certain upscale public purposes—theatrical performances, musical concerts, public balls and artistic exhibitions—the word shed its connotation of private and assumed the connotation of a public space.

By the 19<sup>th</sup> century, the word “casino”, at least in the United States, had come to mean a public house used for purposes of pleasure and entertainment. In New York City, the Central Park Casino, which opened in the mid-1860s, housed expensive restaurants and nightclubs catering to the political elite. The Metropolitan Casino, located at Broadway and 41<sup>st</sup> Street, opened as a theater in 1880. By the early 20<sup>th</sup> century, scores of casinos devoted to popular entertainments had spread across the city. A popular play of the era, too, was *The Casino Girl*, a farce by Harry B. Smith in which the heroine sings and dances in a casino. In a prematurely ironic use of language, when in 1911 the New York gambling magnate Richard A. Canfield was forced to close his high-end gambling “clubhouse” in Saratoga, the premises Canfield had so elegantly refurbished (he had gone to Europe to study its famous “casinos”) were purchased by the village of Saratoga Springs. Saratoga Springs officials then proudly announced their plan to convert the building into a “free casino”, complete with reading rooms open to the public.

In much of Europe, meanwhile, “casino” was coming to mean a facility that houses and accommodates gambling activities. In 1856, the ruling family of Monaco, facing bankruptcy, opened a “Grand Casino” in Monte Carlo, which soon became the world's grandest and most famous gambling house. (Monte Carlo truly was a “destination gaming location”, complete with

a rule prohibiting local residents from even entering the Grand Casino.) The Italian spa community of Bagni di Lucca, as well as the German spa towns of Baden Baden and Bad Homburg — where Dostoevsky compulsively gambled and which he described in his novel *The Gambler* — similarly operated well-known gambling casinos catering to the European elites who visited in summer to relax in luxury, watch (and gamble on) horse races, and enjoy the waters and the exclusive company.

Not surprisingly, then, when Nevada became the first U.S. state to legalize most forms of gambling in 1931, the mobsters and their partners who built the swanky gambling houses in Las Vegas turned to the upscale, gambling-centric, Europeanized conception of “casino” to describe their new business ventures. A new vocabulary developed in the desert: out-of-state “marks” and “whales” checked into gaudy “resorts” along the “Strip.” There was a lot of booze, rich food, “entertainment”, and many “girls.” And when it came time to gamble — the main activity and focal point of the visit — one only needed to stroll over to the glittering “casino”, usually adjoining the hotel.

This meaning of “casino” remained fairly stable for many years, until it was hijacked by today’s corporate predators. The multinational corporations that mainly build and operate today’s American gambling houses still boastfully use the word “casino” to designate these establishments, but they hardly resemble the Vegas-style resort casino that is part of our cultural consciousness. To understand what is actually meant in almost every instance today by the word “casino”, we need a new word. I propose “slotino”, defined as any gambling location in which most of the floor space is devoted to slot machines and most of the house revenue comes from them.

Consider how useful this word might have been in the recent debate on legalizing casino gambling in New York State. Often people spoke of “casinos”, usually in the context of “destination gaming resorts.” Sometimes they spoke of “racinos.” And sometimes Governor Andrew Cuomo and other politicians referred to “video gaming terminals” or “video lottery terminals.” Some of the main differences among these various operations involve either permissible location sites — a “racino”, for example, has to be located near a race track — or which private sector companies are eligible to compete for operating licenses.

Now, given the superficial diversity of forms, one might get the idea that various forms of gambling are somehow in competition with one another, and that, accordingly, policymakers and concerned citizens need to weigh the pros and cons of each. This idea would be wrong. If you walk into a casino, the main activity you’ll see is people putting money into slot machines. If you walk into a racino, nearly the only activity you’ll see is people putting money into slot machines. And if you walk into a video lottery terminal or a video gaming facility, *all* you’ll see is people putting money into slot machines. Gambling operatives and their political sponsors are using diverse and confusing names for the same basic activity.

There are two ways, already noted in the definition of a slotino, to measure the slot machine’s conquest of the modern American gambling house: percentage of floor space and percentage of revenue. If we follow the money we recognize that the turning point occurred in 1983, when revenue from slot machines for the first time surpassed revenue from table games in Nevada casinos. By 1989, slot machines were generating nearly 60 percent of Nevada’s gambling

revenue. That same year, Charles N. Mathewson, chairman of International Game Technology, the world's leading producer of slot machines, bragged that "the lowly slot machine is now the life blood of the casino industry."<sup>5</sup> By 2000, slot revenue had reached 64 percent of all gambling revenue in Nevada; in 2008, it had topped 67 percent.

Across the country, the story is basically the same. According to a widely used 2009 hospitality industry textbook, slot revenue constitutes about 70 percent of all Atlantic City gambling revenue and 70 – 75 percent of total gambling revenue from Indian-owned riverboat and newer (regional) casinos. As for the latter, according to a 2008 textbook on casino management, about 86 percent of all casino gambling revenue in Illinois comes from slot machines. In Missouri, the figure is 88 percent; in Iowa, 89 percent. The textbook author, E. Malcolm Greenlees, concludes that "the most significant change" in the casino industry over the past two decades is "the growing domination of slot machines as the major revenue generating sources in most casinos, regardless of their type, ownership, or geographic location."<sup>6</sup>

To what degree do slot machines dominate casino floor space? About 60 – 70 percent of the floor space in casinos along the Las Vegas Strip is dedicated to slot machines. A 2013 *Albuquerque Journal* story, "Casinos Make Even More Room for Slots", reports that slot machines now take up 70 – 80 percent of all floor space in New Mexico's casinos. And a 2010 report by the predictably named American Gaming Association says, "the slot machine's share of the gaming floor at American casinos has grown from about 40 percent in the 1970s to almost 70 percent today." That is particularly revealing because in 1978 there were virtually no legal slot machines in the United States outside of Nevada. In 1991 there were about 184,000, and by 2010 about 947,000, a more than five-fold increase in less than two decades. That means that virtually all the post-1978 expansion in casino gambling in the United States has been dominated by slot machines.

By now there are certainly more than a million of these machines on casino floors. How, exactly, are they "entertaining" us?

MIT anthropologist Natasha Dow Schüll recently spent several years studying computer-based slot machines and interviewing those who play them. Analytically most important to her is what she calls the "machine zone", which fosters addiction. She examined the machines' pulsating rhythms and rapid repetitions: Press the button and get the jolt, press the button and get the jolt, occasionally a very large jolt, over and over. These patterns are designed to usher the gambler into an unreal world, to provide an escape from reality, in which time, physical space and even social identity are suspended. It is, as the title of her book puts it, "addiction by design." Very talented people design these machines. They know their neuroscience. They know that addiction to substances and experiences both involve chemical and metabolic changes in the addict. Schüll writes:

Every feature of a slot machine — its mathematical structure, visual graphics, sound dynamics, seating and screen ergonomics — is calibrated to increase a gambler's "time on device" and to encourage "play to extinction", which is industry jargon for playing until all your money is gone.

What does the addictive experience look like from the perspective of the victim? Heavy and problem gamblers report that being in the "machine zone" is an intensely desirable feeling, like

the rush of ingesting cocaine. While it lasts, boredom, depression, anxiety and the humdrum drudgeries of life fade out. Gamblers in the “zone” therefore often go to considerable lengths to avoid interrupting the flow of play. Sometimes they urinate in paper cups, which they put on the floor beside the machine to be removed later, rather than taking time out to use a toilet, thereby re-entering the world of real time. Frederick and Steven Barthelme, themselves heavy gamblers in the late 1990s and today our best writers about modern American casinos, describe the experience:

You’re ready to leave and go look for your wife, find her sitting at a slot machine in a dark, smoky aisle several rows over. “Melanie”, you say a little loudly, so as to be heard over the music of the machines, the bells ringing and horns tooting and quarters slapping down into the trays. She makes another bet, hits the button, spins the reels again. “Melanie”, you say, still louder, a little closer to her ear, so close that you have to check whether it is Melanie, because if it isn’t you’re going to get arrested. Still nothing. She keeps playing the machine, winning, losing. You touch her shoulder, and she glances up in your direction, then quickly back at the machine in front of her, punches the Bet Max Coins button, and the wheels spin again. Finally, instead of out-and-out shouting, you get her attention by putting a hand between her and the buttons. Only then does she recognize you, with a slightly puzzled look, and return from wherever she has been.

Studies consistently show that 35 – 55 percent of all casino gambling revenue comes from problem gamblers whose addiction causes serious problems for themselves and those around them. It is upon these vulnerable people that casinos decisively depend for their revenue base.

A room full of modern, computer-based slot machines is perhaps the ultimate plug-in drug. But “gaming” executives never use such language and deny its applicability when others use it. They try to make the evil they do disappear by gaining control over vocabulary in such a way that it cannot be named. As the criminal mastermind Keyser Söze says in Christopher McQuarrie’s 1995 film *The Usual Suspects*: “The greatest trick the Devil ever pulled was convincing the world he didn’t exist.”

Here is the rule of thumb: If a practice is basically dishonest, its advocates will speak of it dishonestly. They will call it by wrong names. They will allege that its purposes are other than what they are. They will engage in this fraudulent language partly to hide the dishonesty of the actual activity, and partly because they themselves are at least somewhat ashamed of what they are doing. And they should be ashamed. Slot machines are inherently dishonest. As far back as the 1930s, the great New York City Mayor Fiorello La Guardia called them “mechanical pick-pockets”, and in those days the mechanisms took your money more slowly and with less illusion. La Guardia created a brochure for New Yorkers called “You Can’t Win in the Slot Machine Racket.” Because you can’t. Slot machines are cheating machines that prey upon the very people who can least afford it. There is nothing lovely or uplifting or redeeming or genuinely entertaining about them.

If you want a sad experience, go into a casino and watch people putting their money into slot machines. And I say “watch” advisedly, because watching someone else is as close to this activity as you are likely to get. If you are reading this essay, the likelihood that you regularly put your own money into slot machines is extremely low — about as low as the likelihood that your

state Governor consistently puts his or her money into slot machines, or that any of your old college friends do. This class divide, when it comes to who is being fleeced by slot machines and who is benefitting in some ways from the fleecing, is the dirty little secret of state-sanctioned gambling today, and one of the deepest reasons for its bipartisan popularity among state politicians looking for ways to pay for state government without raising property taxes for the affluent.

Contrary to the claims of their political sponsors, the casinos now rapidly spreading across our country do not exist to provide jobs, grow the economy, or expand entertainment options for the American public. (Much research suggests that casinos do not contribute to economic growth over time, primarily because they don't produce anything of value.) State leaders today in both red and blue states, from Mississippi to Massachusetts, are supporting casinos for one reason only: to take money from the vulnerable and unwary, overwhelmingly via slot machines, and deliver a large portion of that money to the state.

They should be ashamed of what they are doing. Some of them are, at least in part, which is why you never see photos of them visiting casinos or "playing" slot machines, and why they so reflexively resort to gamble-speak whenever they are asked in public to explain what they are supporting. Gamble-speak is one of their best friends and most important allies. Gamble-speak has their back. Gamble-speak aims to, and often does, render those who oppose state-sponsored gambling largely tongue-tied, turning the most important words into gibberish before the conversation even starts.

For anyone who cares about the politics and economics of American gambling, and particularly about public policies contributing to inequality, one of today's most important tasks is to put gamble-speak in its natural place in our public discourse: as a source of inspiration for joke writers, a recognized indicator of second-rate thinking, and, above all, a telltale sign of the intention to deceive.

<sup>1</sup>"Report of the Committee Against Gambling", in *Minutes of the National Council of the Congregational Churches of the United States* (Congregational Sunday School and Publishing Society, 1898), p. 322.

<sup>2</sup>See Michael MacDougall's 1939 *Gamblers Don't Gamble*, still one of the best books about the crookedness inherent in professional gambling.

<sup>3</sup>Quoted in "Gamblers Anonymous Bids City Consider It a Safe Bet", *New York Times*, March 16, 1971.

<sup>4</sup>"Casino Mogul Steve Wynn's Midas Touch", *60 Minutes*, April 12, 2009.

<sup>5</sup>Quoted in Richard W. Stevenson, "Slot Machine Maker Hits Jackpot", *New York Times*, September 12, 1989.

<sup>6</sup>Greenlees, *Casino Accounting and Financial Management* (University of Nevada Press, 2008).

*David Blankenhorn is president of the Institute for American Values. This essay is adapted from his book, New York's Promise: Why Sponsoring Casinos Is a Regressive Policy Unworthy of a Great State.*

# Be Our Guest: A Vote to Legalize Commercial Casinos Is a Losing Bet

Paul Davies  
*New York Daily News*  
October 27, 2013

Elected officials who tout the economic benefits of casinos could use a lesson in Economics 101. Especially when it comes to regional convenience racinos like the Resorts World Casino in Queens or the full-blown commercial casinos that Gov. Cuomo wants to legalize.

Unlike Las Vegas, which attracts tourists, conventioners and high-rollers from all over, Resorts World caters mainly to low-rollers who live in the outer boroughs of New York.

Lawmakers talk a good game about casinos as “destination resorts,” but that defies the reality at Resorts World. Gamblers get there mainly by bus, subway or car and then go home. The Resorts World business model depends on locals coming again and again. Some come for fun, but studies show up to 60% of casino revenues come from repeat and problem gamblers.

Like Resorts World, the Parx Casino near Philadelphia is located at a racetrack. Former Parx President Dave Jonas said in 2010 that gamblers there visit up to 200 times a year. Contrary to what many lawmakers say, regional casinos like Resorts World do not spur other economic development — unless you count the new subway station built to funnel more gamblers to the casino.

Resorts World doesn't even generate much new spending for the local economy. If anything, it diverts spending — nearly \$2 million a day — from existing businesses to Resorts World's Malaysian-based corporate parent. Studies also show casinos reduce surrounding property values.

Local casinos like Resorts World or the casinos proposed upstate are nothing more than regressive, government-enabled businesses that market to and strip wealth mainly from working class, elderly and minority residents. As for casinos revitalizing communities, just go to Atlantic City or Detroit.

To be fair, casinos do create jobs. Even then, the locals don't always benefit. Nearly half of Resorts World's 2,000 employees don't live in Queens. The average pay is about \$30,000 a year, barely enough to support a family in New York City.

Here's the bigger problem: While casinos create jobs, they also create problem gamblers and generate social costs for all taxpayers.

The 10 casinos in Illinois employ almost 8,000 people, but the state also has nearly 10,000 problem gamblers who have barred themselves from the casinos.

Casinos also have a corrupting influence on lawmakers. Recall that Resorts World received its license after a crooked process in which the state inspector general found Senate leaders manipulated the bidding to try to steer the license to another politically-connected group.

That is a taste of what's to come if voters approve the Nov. 5 referendum to legalize commercial casinos across the state. In Pennsylvania, two casino licenses were awarded to convicted felons. Other licenses went to influential campaign donors.

So why are lawmakers enthralled by casinos? For one, casinos pay states a higher tax rate than other businesses in return for a regional monopoly.

Here's another reason: Since 2005, gambling interests have spent \$59 million on lobbying and political contributions in New York, according to Common Cause. So when lawmakers start talking up the benefits of casinos, just remember who really benefits.

*Paul Davies is the Maggie Walker Fellow at the Institute for American Values, where he edits a gambling blog and recently authored "Stacked Deck: Inside the Politics of New York's Dishonest Casino Plan."*

## Why Gov. Cuomo Wants Gambling: He Wants the Money

David Blankenhorn  
*The Post-Standard*  
October 14, 2013

In his 2012 State of the State Address, when Gov. Andrew Cuomo launched his casino initiative, the big idea was to end the constitutional prohibition of commercial gambling so that the Genting Organization, one of the world's largest "gaming development companies," could build "the largest convention center in the nation" in Queens, in New York City -- an activity that the governor promised would "generate tens of thousands of jobs and economic activity that will ripple throughout the state."

But wait! Soon enough this plan had been completely inverted. By the time of the 2013 State of the State Address, when it came to the state's need for more gambling, New York City was no longer the solution, it was the problem! Unveiling the inverted plan, the governor wrote: "No casinos will be located in New York City -- the plan is to bring Downstate New Yorkers and other visitors to Upstate."

And why is this rationale so compelling? It turns out that the real need, when it comes to new gambling, is to "boost Upstate development" and "get that traffic from New York City to Upstate New York." The new idea is that "resort destinations with enhanced gaming" will "supercharge the state's tourism efforts" in Upstate New York. Moreover, limiting the new casinos only to certain areas in Upstate New York "guarantees there will not be an excessive proliferation of casinos within New York state."

But wait! It turns out that this new plan is only what the governor calls "phase one" of his overall vision. The governor says that after five years, with Upstate casinos under way and no more pesky constitutional bans to get in anyone's way, it will be time to open up New York City to new casinos. Just like the original plan! Presumably by that time all of the casino-generated "tourism" of which the governor now speaks so fervently will be free to flow in all directions - from Upstate to Downstate, from Downstate to Upstate, and from the world-at-large to "destination gaming resorts" and swanky "convention centers" dotting the New York landscape from Queens to Albany to Binghamton and beyond!

But wait! The governor also wants more "video gaming facilities" in New York. (These are huge rooms full of slot machines, not too different from casinos.) And how many does he want, and where does he want them? The answers are, quite a few, and anywhere he can get them. At the same time, the governor's casino plan promises New Yorkers -- threatens us, might be another way to put it -- that if the bid to change the constitution to bring in commercial casinos fails, the state will promptly create yet more video gaming facilities in the state, mainly located in and around New York City.

There is only one possible way to make sense of this pile of statements. The governor is determined to turn New York into what gamblers used to call a "wide open" state. He wants gambling everywhere. He wants it Upstate and Downstate. He wants it now, later, and in

between. He wants as much of it as he can get, as fast as he can get it. He wants huge rooms full of slot machines within easy reach of every citizen of New York, and to achieve this goal it would help him if we would change our constitution.

And there is only one coherent answer to the question of why he wants to do this thing. He wants the money. Turning New York into a wide open state will make lots of money for the state. And because the state making lots of money by fleecing its own citizens is an unseemly thing to discuss, the governor talks instead with comic-book hyperbole about ripple effects and supercharges and resorts and convention centers and boosting Upstate tourism. But he knows, everyone paying any attention knows, that this entire thing is about the state getting the money.

We had a former governor who spoke honestly about these things. His name was Mario Cuomo. Regarding the state's sponsorship of gambling, he said: "We do it for the money, but I don't know anybody who's excited by it."

*David Blankenhorn is president of the Institute for American Values and the author of "New York's Promise: Why Sponsoring Casinos is a Regressive Policy Unworthy of a Great State," available at [www.americanvalues.org](http://www.americanvalues.org). Blankenhorn will debate the topic of casino gambling Wednesday, Oct. 16, 2013, at Syracuse University's Maxwell School.*

# Casinos a Form of Government Malpractice

By David Blankenhorn, Jonathan Haidt and Barbara Dafoe Whitehead

*The Westchester Journal News*

October 13, 2013

Imagine that you were sick with anemia, getting weaker by the day, and your doctor prescribed bloodletting as the treatment.

It would be grounds for malpractice, since draining blood can only make things worse. Now imagine instead that you are a working-class American, falling further and further behind in our increasingly unequal society, and your state government legalizes casino gambling. It should be grounds for malpractice too.

Casino gambling used to be mainly an upper-class activity. Legal in only two places in the U.S., Nevada and Atlantic City, it attracted affluent vacationers who could travel long distances to a resort, play live table games, and lose money without losing their shirts.

Today, casino gambling has moved into the economically struggling neighborhoods of the working and middle class. The patrons of these new regional casinos are not high rollers who jet in from distant locales. They are low rollers who live nearby, arrive on buses or by car, and who come back again and again. The slow and steady drain of low-roller dollars makes up the large share of casino profits.

If you are in the upper third of the income distribution, chances are that you have rarely, if ever, set foot in one of the new regional casinos, much less spent hours pushing the buttons of a slot machine. If you are in the lower two-thirds and live in one of the 23 states with new regional casinos, chances are good that you have done so.

Indeed, the rise of the regional casino has contributed to the growing inequality that we see in education, work, and family life. The new regional casinos are based on the idea that "if you build it, provide free alcohol, permit smoking and offer a nice buffet, local people will come and play." And they do.

But proximity to a casino also increases the chances of becoming a problem gambler. Research shows that nearly half of today's casino gambling revenue comes from problem and pathological gamblers.

Moreover, if frequently visiting a regional casino is a risk factor, try working in one. Not only are the wages low and the benefits poor – the standard "bad job" package – but working in a casino also appears to increase the risk of the worker herself becoming a problem gambler.

Working in a casino also appears to elevate the risk of lung disease (most casinos allow smoking), alcohol abuse (most casinos provide free alcohol to gamblers) and sleep and eating disorders (most casinos never close, which means shift work and irregular hours for employees).

What makes this especially troubling is that regional casinos are largely the creations of state government.

They would not exist without the grant of a regional monopoly, special regulatory exemptions, and even new infusions of support when casinos face increasing competition and declining revenues.

The casinos are intended to bring in money for the state but this dynamic creates a serious conflict of interest. In their capacity as regulators, state governments are charged with protecting the public from the very business practices that generate revenue for the state and which the state is actively co-sponsoring.

Today, politicians in both red and blue states, from Mississippi to Massachusetts, including Gov. Andrew Cuomo here in New York, seem to believe that more and more casinos are the key to a better future for the struggling working and middle class. They are wrong.

It's time for a serious debate about this institution that is draining dollars and spreading addiction among citizens.

The working class and the middle class are suffering, and the bloodletting of regional casinos, prescribed by too many of our elected officials, is, in our opinion, a form of governmental malpractice.

*Jonathan Haidt is a professor of psychology at New York University and the author of "The Righteous Mind: Why Good People are Divided by Politics and Religion." Barbara Dafoe Whitehead and David Blankenhorn are director of civil society initiatives and president, respectively, of the New York City-based Institute for American Values.*

# Cuomo and Legislature Not Leveling with Voters on Casinos

Paul Davies  
*Poughkeepsie Journal*  
October 13, 2013

From the start, the Gov. Andrew Cuomo administration has not leveled with New Yorkers about its casino plan.

So why start now?

The latest maneuver coming out of Albany is the rosy wording on the proposed ballot measure confronting voters before they decide whether to support changing the state Constitution to allow up to seven casinos in New York.

Traditionally, ballot measures use plain language and give no indication whether to vote yes or no. But the wording on the casino referendum says that changing the state Constitution to allow casinos will be "promoting job growth, increasing aid to schools, and permitting local governments to lower property taxes."

Why not throw in a roll of quarters and a voucher for the casino buffet?

No surprise that Gov. Cuomo and legislative leaders in Albany had a heavy hand in wordsmithing the ballot language. The Associated Press reported that an early draft of the referendum was more straightforward: "The purpose of the proposed amendment to section 9 of article 1 of the Constitution is to allow the Legislature to authorize and regulate up to seven casinos. If approved, the amendment would permit commercial casino gambling in New York State."

This is not the first time Cuomo and company have tried to stack the deck in favor of casinos. The governor recently decided to place the casino referendum at the top of the ballot in hopes of giving it the best chance to pass.

The effort to tip the scales in favor of casinos stems in part from polls that indicate voters are split over whether or not to legalize casinos. (After all there is a reason why the Constitution prohibits casinos.) Perhaps the opposition would grow if voters knew about the many social and economic costs that come with casinos.

For example, studies show casinos result in an increase in crime, personal bankruptcy, divorce and suicide. Studies also show that those living within 50 miles of a casino have a much higher chance of becoming a problem gambler. Still another study by Baylor University professor Earl Grinols found that every \$1 casinos bring in results in \$3 in increased social costs.

Recall that Cuomo didn't even mention gambling as a candidate for governor. Then eight months after taking office, Cuomo said he was "actively investigating" whether to legalize casinos.

But instead of an independent cost-benefit analysis or public hearings on such a major policy change, Cuomo just announced his support for casinos four months later.

The first vote by the Legislature to amend the Constitution to allow casinos quickly followed and came late at night with little debate.

More alarming, the amendment to change the Constitution contained just eight words, tweaking the law to allow "casino gambling regulated by the state." Baruch College political science professor Doug Muzzio described the murky process this way: "Classic Albany: Three men in a room, huge log roll, no transparency."

The second casino vote came on the last day of the legislative session in June. But there was one problem: The state Constitution required lawmakers to have three days to review all bills. When it comes to amending the state Constitution, lawmakers should at least comply with the Constitution.

Perhaps the ultimate hypocrisy came when a provision prohibiting companies seeking a casino license from making campaign contributions was quietly removed from the final bill.

Clearly, the legislative leaders did not want to turn off the spigot of money that has been flowing into Albany. To be sure, Common Cause found that gambling and horse racing interests have spent \$50 million on lobbying and campaign contributions between 2005 and 2012.

That may explain why Cuomo and company are doing whatever it takes to get voters to go along with the casino plan. But voters should ask themselves if casinos are such a worthy public policy, then why are the Albany leaders being so disingenuous?

*Paul Davies is a research fellow at the Institute for American Values, where he edits a blog on gambling, [www.getgovernmentoutofgambling.org](http://www.getgovernmentoutofgambling.org).*

# Why I'm Smashing a Slot Machine

By David Blankenhorn  
*New York Daily News*  
October 11, 2013

Smashing slot machines is an honorable American tradition.

Many U.S. leaders have happily applied the working end of a sledge hammer to them, including iconic New York Mayor Fiorello LaGuardia, who called them “mechanical pickpockets” and their owners “chiselers.” In 1934, he organized an “expose” in Rockefeller Center, featuring 50 slot machines that the public could examine for free. He brought in professors from Columbia to explain how they worked and distributed thousands of brochures to the public entitled “You Can't Win in the Slot Machine Racket.”

LaGuardia did not believe slot machines were wrong because they were illegal so much as he believed they were illegal because they were wrong. He hated ordinary New Yorkers getting cheated — particularly the lower-income New Yorkers who could least afford it, and particularly when politicians were profiting from the cheating.

The purpose of a slot machine hasn't changed. It's a device built to ensure that you lose more than you win.

But the modern slot machine is far more predatory and addictive. When you put money into one now, you are betting against a computer that has been programmed to keep you playing. Everything that happens after you press the “bet” button has been pre-established by programmers and psychologists to get you to press the button again — because the more times you press the button, the more you lose.

Today, slot machines are the face and heart of American casino gambling. In earlier times, when casinos existed only in Nevada and Atlantic City, the main action was high rollers playing table games. In the regional casinos that now dominate, the main action is middle and low rollers putting their money into slots.

More than 70% of all floor space in U.S. casinos is devoted to slots, and about three-quarters of all casino gambling revenue comes from them.

In 1978, there were virtually no legal slot machines in the U.S. outside of Nevada. Today, there are nearly a million.

Studies consistently show that from 35 to 55% of all casino gambling revenue comes from problem gamblers, who hurt themselves and others through excessive gambling. And slot machines — whose steady players are disproportionately low-wage workers, retirees, minorities and women — are designed to foster addictive behavior.

In earlier times, politicians like LaGuardia literally smashed slot machines because they take money from the poor and vulnerable and give much of the take to politicians. Today, politicians like Gov. Cuomo want the government to sponsor them for just that reason.

I'm with LaGuardia, and Andrew's father, former Gov. Mario Cuomo, who famously said that casinos "don't create wealth, they just redistribute it," mainly from the have-nots to the haves.

In November, New York voters will decide whether their state will become the 24th in the nation to sponsor casino gambling as a way to raise revenue for the state. Should New York change its Constitution to create a string of commercial casinos dominated by slot machines?

To me, the choice is clear. That's why, at noon on Oct. 15 on the Capitol Steps in Albany, New York, my colleagues and I will smash a slot machine to smithereens, in honor of LaGuardia and other New York leaders who knew that destroying them is a public service and legalizing them so the state can collect its cut is a disgrace.

*Blankenhorn, the president of the Institute for American Values, is the author of New York's Promise: Why Sponsoring Casinos is a Regressive Policy Unworthy of a Great State. Read it at [americanvalues.org](http://americanvalues.org).*

# Casinos Will Do More Harm Than Good to New Yorkers

By David Blankenhorn  
*The Buffalo News*  
October 2, 2013

Should we change our State Constitution so that politicians can spread commercial casinos across New York? The answer is “No,” and here are the top five reasons why.

- Casinos produce nothing of value. Car companies make cars. Doughnut shops make doughnuts. The only thing that happens in a casino is that people lose their money. As former governor Mario Cuomo said: “Casinos don’t produce wealth, they just redistribute it.”
- Casinos retard economic growth. Gov. Andrew M. Cuomo says that casino gambling will be good for New York’s economy, but he does not cite a single study or research finding to justify this assertion. And how could he? No such study exists. Independent research overwhelmingly shows that casinos do more harm than good to the economy.
- Living near a casino is bad for you. Cuomo says that “tourists” will be the main customers for New York’s casinos, but not a shred of evidence supports this claim. Most people who frequent casinos live near those casinos. And living near a casino increases your chances – and your neighbors’ and your family members’ chances – of becoming a frequent or problem gambler. Not to mention the other problems that casinos bring, such as higher crime rates, more stress on families and more personal debt. Do you love pawn shops? Casinos and pawn shops go together like peas and carrots.
- Casino taxes are regressive. Casinos do provide revenue for the state, but where does that money come from? Casino gamblers are disproportionately low-wage workers, retirees, minorities and women. Is it ethically desirable for the state to raise its revenue in this way? Do we want our government to increase inequality by transferring resources from the have-nots to the haves?
- Casinos put the state in the business of hurting people. Casinos are sponsored by government, and they exist primarily to provide revenue for the government. But studies show that from 35 to 55 percent of all casino gambling revenue comes from problem gamblers. As a public health matter, the state’s job is to try to help vulnerable people, not fleece them. Cuomo says that we “already have” gambling in New York, so why not have more of it? But it’s never a good idea to do things that will hurt people, even if we already have some people who are hurting.

Even though our Constitution is at stake, there has not been one public hearing on the casino issue. There has not been a single independent study. So far, Cuomo has confined his public statements almost entirely to repeating the PR slogans provided by the gambling industry. But it’s not too late for the citizens themselves to figure this issue out.

*David Blankenhorn is president of the Institute for American Values and the author of “New York’s Promise: Why Sponsoring Casinos is a Regressive Policy Unworthy of a Great State.”*

# Casinos a Bad Gamble for the State

By William A. Johnson and David Blankenhorn

*Albany Times-Union*

September 24, 2013

A new institution in American life is contributing to the growing gap between the haves and have-nots. That institution is the regional casino.

Until about 1990, casinos were legal only in Nevada and Atlantic City. But then casinos began popping up across the country, with the support and sponsorship of the very state governments — now 23 and counting — that previously had outlawed them. In November, New York voters will decide whether to change our constitution to allow casinos here.

How do the new casinos contribute to inequality? While casinos do not create wealth, they redistribute it, overwhelmingly from the have-nots to the haves. Gov. Andrew Cuomo and other casino advocates often use terms such as "destination gaming resorts" to describe them, but the label is highly misleading. Anyone who has actually visited America's regional casinos knows that they are quite different from Vegas-style resort casinos.

A resort casino is a place you might visit once a year, but a regional casino is a place you can conveniently visit several times in a month or a week. Whereas Vegas-style resort casinos historically have catered mainly to high rollers partial to table games, the new regional casinos cater overwhelmingly to middle rollers and low rollers who play slot machines. In short, the business model of the new regional casino depends on attracting gamblers of modest means who live near the casino.

These new casinos both prey upon vulnerable people and increase their number. Women, low-wage workers, and retirees account for a large and disproportionate share of casino revenue. In addition, studies show that living near a casino increases the chances of becoming a problem gambler.

And while most people who visit casinos are not problem gamblers, a significant body of scholarly research suggests that from 35 to 50 percent of today's casino gambling revenue comes from problem and pathological gamblers.

Isn't it the role of government to protect people from being exploited? Think again. For starters, regional casinos are largely the creations of state governments, intended first and foremost to raise revenue for the state. This dynamic creates a fundamental conflict of interest. In their capacity as regulators, state governments are charged with protecting the public from the very business practices that generate revenue for the state and which the state is actively co-sponsoring.

This conflict of interest affects nearly every aspect of states' sponsorship of casinos, including the number and location of casinos, the design and payout of the slot machines, and the many and constantly evolving casino strategies aimed at encouraging heavy gamblers to, as casino insiders put it, "play to extinction."

Many forces currently contributing to the rise of inequality, such as globalization and technological change, cannot be directly controlled by public policy.

But the new casinos *are* a public policy — they exist only because policymakers want them to exist.

Do we want them in New York? To us, the answer is no. We need policies that create wealth rather than redistribute it in the wrong direction. We need policies that are progressive rather than regressive.

We need policies that strengthen our families rather than weaken them, encourage the work ethic instead of the luck ethic, and build up our communities rather than drain wealth from them. Most of all, we need policies that bring us together into one New York family rather than policies that divide us into the people doing the fleecing and the people being fleeced.

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# Gambling Won't Be the Jackpot New York Needs

By Paul Davies  
*Newsday*  
August 1, 2013

This week, Gov. Andrew M. Cuomo signed legislation to expand casino gambling in New York. The plan authorizes four upstate casinos, which must also be approved by voters in a statewide ballot referendum in November.

The governor has said the move is all about jobs, jobs, jobs. To be sure, casinos will create jobs. But the large-scale expansion of gambling across the state is a zero-sum game. Many studies show the social and economic costs of casinos outweigh the benefits.

Baylor University economist Earl Grinols found that gambling creates \$3 in social costs for every \$1 it generates. Even the job gains -- the cornerstone of Cuomo's case for more gambling -- are offset by job losses as casinos cannibalize existing businesses, especially in the restaurant, retail and entertainment sector.

In Atlantic City, the number of independent restaurants decreased from 48 when the first casino opened in 1978 to 16 in 1997, according to a New York Times report. One third of the city's retail stores closed within four years after casinos arrived, according to Hampshire College professor Robert Goodman's 1995 book titled "The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion." A several-block stretch of discount retail stores has since been added, but the unemployment rate last year was 17.8 percent, just below the 18.1 percent in 1977. The poverty and crime rates have also increased since the arrival of casinos.

The last time New York considered legalizing casinos, a 2002 study commissioned by then-Gov. George Pataki found 1,208 more jobs would be lost than gained. That's because unlike Las Vegas, which attracts millions of tourists and conventioners, the isolated casinos proposed for upstate New York will feed mainly off locals.

As such, the casinos won't generate much new spending for the local economies. Instead, casinos shift spending in what economists call the substitution effect. In extreme cases, money for food, rent, medicine, child support and other necessities will get plowed into slot machines.

This is where Cuomo and other casino supporters are particularly wrong to try to build an economy and state revenue model that relies heavily on gambling. The first duty of elected officials is to protect the public, not enable an industry that strips wealth from residents and creates costly social ills.

Studies show casinos lead to an increase in theft, violent crime, substance abuse, divorce, suicide and bankruptcy among the people who live near them. One study by Baylor's Grinols, University of Georgia's David Mustard and the University of Illinois' Cynthia Dille found 8 percent of crime in counties with casinos could be traced to gambling. A study by the St. Louis Federal

Reserve found riverboat gambling in Mississippi increased personal bankruptcies in the state and neighboring counties.

In New York, there's been little effort to conduct an independent study or invite public discussion. Instead, Cuomo has repeated a claim that casinos could generate over \$1 billion in economic activity. Where did he get that figure? A footnote in Cuomo's 2013 State of the State report cites the source as a newspaper quote from James Featherstonhaugh, an influential lobbyist and president of the New York Gaming Association.

Cuomo dismisses the costs of gambling by arguing that New Yorkers already gamble in other states, so why not keep the revenue here? The problem with this argument is that placing casinos closer to home leads to more frequent visits and creates new problem gamblers -- people whose gaming behavior causes psychological, physical, social or vocational disruption in their lives.

The National Gambling Impact Study Commission found that having a casino within 50 miles of home doubles one's likelihood of becoming a problem gambler. In Philadelphia, customers visit the casino that opened there in 2010 an average of three to five times a week -- or 150 to 250 times a year.

Grinols estimated that 52 percent of the revenue at a typical casino comes from problem gamblers. A study in Ontario put the figure at 35 percent. In either case, many regional casinos depend largely on repeat and problem gamblers.

There's a reason why New York's forefathers thought it was important to ban gambling in the state constitution. Cuomo and the Legislature have trampled on that precedent. But voters should keep it in mind before taking the extreme step to change the constitution in the fall.

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# Gov. Cuomo's Magic Number

By David Blankenhorn  
*Albany Times Union*  
July 28, 2013

Regarding the benefits of casino gambling in New York, Gov. Andrew Cuomo's magic number is very large and easy to remember. It's one billion. That's the number of dollars of economic activity that the new casinos will allegedly generate.

In June of 2012, in his Progress Report to the state, the governor announced that changing the state constitution to permit casino gambling would "generate an estimated \$1 billion in economic activity." In his 2013 State of the State report, he repeated the claim: "It is estimated that over \$ 1 billion of economic activity can be generated from casino gambling."

This number stands out for three reasons. The first is its size and majesty. One billion! The second is its solidity. In a debate largely devoid of specifics, here is something concrete, something we can hang our hats on. One billion. And the third is its isolation. The number is unaccompanied by conditions or qualifications. One billion — over what period of time? A year? A decade? And based on how many casinos in which locations? Three casinos upstate and one big one in New York City? Or some other set of assumptions? None of this information is attached. The number simply operates on its own, like a beautiful eagle flying through an empty sky. *One billion.*

People who conduct studies and issue reports on such matters work hard to establish a credible methodology for their work. The issues involved can be complex.

Let's briefly consider just one.

If I open a new hamburger joint in the neighborhood, that will generate economic activity. But if my new establishment drives an already existing hamburger joint out of business, the amount of overall economic activity in the neighborhood might change very little, if at all. Economists use the term "substitution" to describe this possibility, and any researcher who wants his or her work to be taken seriously must handle this issue (and many others like it) competently. So what is the methodology behind the claim of one billion? And who did the research?

Finding the answer required some digging. In most cases, the governor simply says what he says, and that's that.

But in the written version of his 2013 State of the State, buried in a footnote, we can actually discover the source and meaning of the governor's assertion that "over \$ 1 billion of economic activity can be generated from casino gambling."

The source is the New York Gaming Association, the organization created in 2011 to lobby in Albany for casino expansion. Its members are the owners of New York's nine race-track casinos. There is no study, no report, not even a piece of paper. Just James Featherstonhaugh, the association's president, and several other association members talking with two reporters from the Albany Business Review in late 2011.

The story itself reads like a parody.

Here is Daniel Gerrity, the majority owner of the Saratoga Casino and Raceway, on the economic benefits of changing the constitution: "It would definitely increase our business. We are steadily growing, and this is a natural progression." Others offering their expert economic assessments include Featherstonhaugh, who is also an owner of the Saratoga Casino and Raceway, and Jeffrey Gural, who owns race tracks and casinos in the towns of Nichols and Vernon, New York.

Does anyone have a hard time seeing the problem here?

*Q: Mr. Prisoner, we're considering letting you out of prison? What do you think?*

*A: Terrific idea! It would supercharge the economy! It would make everyone's taxes go down!*

*Press Release: Governor Cuomo today said that New Yorkers' taxes would plummet dramatically if only the state would ....*

*Q: Mr. Fox, we're considering letting you into the henhouse? Do you approve?*

*A: Yes! It would boost tourism and protect the planet!*

*Press Release: Governor Cuomo today released a comprehensive plan to boost tourism and protect endangered species in upstate New York ....*

Surely any person of good will can recognize that, if the question is whether to give economic privilege to a particular group, we shouldn't depend on that group, and that group alone, for an objective assessment of the pros and cons of giving them the privilege.

And what does this episode tell us about Gov. Cuomo? In most states, governors who want gambling at least go through the motions of proper due diligence. They have a study to cite. They hold a hearing or two. They give a speech that qualifies as serious, they face some questions from the public.

They at least pretend to be listening to someone other than the casino owners themselves. But so far it appears that Gov. Cuomo can't even be bothered go through the motions. He is intent on doing this thing, and if doing it means saying things like "more than \$1 billion," he's simply going to say them, and apparently we are supposed to like it.

It's pretty insulting.

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## NY Blinded by the Money and False Promises of Casinos

By Paul Davies  
*The Post-Standard*  
July 15, 2013

Gov. Andrew Cuomo has portrayed the state's push to add casinos as a way to boost tourism and revitalize the economy.

But the entire process has been fungible and driven more by money and crass politics. There is no substantive economic plan. That's because - despite the hype - most regional casinos provide about as much economic impact as a big box retailer.

Yes, casinos generate jobs and tax revenue. But gambling also strips wealth from the local economy and especially preys on the most vulnerable. Just take a look at how little 30-years of casinos have done to revitalize Atlantic City.

Cuomo has provided no evidence to his claim that upstate casinos will become tourist magnates. (Quick show of hands: How many are planning a getaway if a casino comes to Albany?) Casinos in similar markets are hardly the glitzy Las Vegas-style. So don't look for anything like a Bellagio in upstate New York.

From the start, Cuomo's casino plan appeared out of nowhere and quietly oozed into its current state. First the governor proposed seven casinos. Then three. Now it's four - all upstate for now. (Rest assured casinos will come soon to New York City if the referendum passes.) As a candidate for governor, Cuomo never discussed casinos. Gambling was not mentioned in any of the eight policy books that outlined his vision for New York.

Just eight months after taking office, Cuomo floated the idea of casinos as a cornerstone of his economic agenda. Initially, he said he was "actively investigating" the idea of adding casinos across the state.

If there was an investigation, the public was never privy to it. Instead, four months later, Cuomo used his January 2012 state of the state address to propose amending the constitution to build seven casinos. He also announced a deal with a large Malaysian-based casino operator to build a \$4 billion convention center in Queens, next to the Aqueduct Racetrack and Resorts World slots parlor operated by the same company, Genting.

Cuomo did not provide an independent study that examined the benefits as well as the social and economic costs of adding more casinos. He did not explain how or why he decided on seven casinos. Nor was there any request for proposal or public bid process for a major public works project like a convention center.

That deal quickly fell apart when Cuomo reportedly could not guarantee Genting exclusive gambling rights in New York City. But how it came together is instructive.

In October 2011 - around the time Cuomo was supposedly "investigating" legalizing commercial casinos - Genting pitched the convention center idea at a fundraiser. Two months later, Genting, gave \$400,000 to the Committee to Save New York, a nonprofit set up at Cuomo's urging. The New York Gaming Association later kicked in another \$2 million to the nonprofit.

The river of money offers a window into how gambling money drives policy decision in Albany. In fact, gambling and horseracing interests have spent nearly \$50 million combined in New York on lobbying and campaign contributions between 2005 and 2012, according to a report by Common Cause.

That may best explain why the casino proposal sailed through two votes in the state Legislature without any rigorous debate, public hearings or independent studies. It almost assuredly explains why a provision to prohibit campaign contributions from gambling interests was removed from the bill hours before the final vote.

It may also explain why the Legislature used a bogus emergency provision to circumvent the required three-day waiting period before passing the casino.

Cuomo and state lawmakers may believe casino gambling is about tourism, jobs or revitalizing the economy. But history shows that convenience casinos like the ones proposed for upstate New York mainly rely on repeat and problem gamblers. The dubious way the casino bill was proposed and passed seems to indicate Gov. Cuomo and lawmakers have been blinded more by the money and false promises that come with gambling.

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## Gambling Is Still Morally Bankrupt

Paul Davies  
*Baltimore Sun*  
August 22, 2012

Gov. Martin O'Malley's special session on casino gambling should have been called a rubberstamp session. Because there really was no legislative session, let alone public debate or analysis regarding the negative economic and social impact that will come from more gambling. Instead, lawmakers basically rammed through a pre-packaged measure that will enable casinos to strip more wealth from Maryland residents.

For a governor who once described slot machines as a "morally bankrupt" way to fund education, Mr. O'Malley's transformation to casino supporter is especially troubling.

If approved by voters in November, Mr. O'Malley's plan — ironed out mainly behind closed doors before the special session began — will add a sixth casino in Prince George's County and allow table games, round the clock operation, and lower taxes for the existing casinos in Maryland.

Never mind the state wants to alter the rules when only three of the five casinos are even opened. Or that the sixth casino could be operated by MGM Resorts, a company that was essentially run out of New Jersey because of its ties to a casino in China run by a family that has been linked to organized crime. Or that Mr. O'Malley burned up a lot of political capital on an issue that at best will contribute \$200 million a year — or a little more than 1 percent — to Maryland's general fund.

The main problem is that gambling is an insidious and unsustainable way to fund government operations. That's because casinos are nothing more than a regressive tax that creates more problem gamblers.

A study last year by the University of Maryland, Baltimore County found that one in every 30 state residents already had a gambling problem. Those most at risk for developing gambling addictions are single men between the ages of 18 and 29, either African-American or Latino, with less education and income than the overall population.

Adding even more gambling will lead to increased social costs — including crime, bankruptcy, divorce and suicide — that will be paid for by taxpayers whether they gamble or not. Those costs are never factored into the revenue projections states tout. States also fail to consider that casinos don't generate much new spending but merely divert money from other area businesses, such as restaurants, movies and other entertainment.

The argument that a casino in a suburban mall — like the one at Arundel Mills — can be a destination resort is pure folly. No families travel to such outposts. These are basically convenience casinos that thrive from repeat local business. During a gambling conference in

Philadelphia last year, the general manager of the Harrah's casino in Chester, Pa., said customers visited an average of 4.5 times a week — or more than 200 times a year.

Traffic patterns like that make it hard to argue casinos are mainly about an occasional fun night on the town. In reality, the casinos don't have a successful business model without repeat and problem gamblers. Yes, the casinos in Maryland may keep residents from gambling in other states, but they will also cause residents to gamble more often. Lawmakers are sworn to protect residents, not find ways to make them poorer.

More broadly, it is irresponsible for Maryland lawmakers to add more gambling without seeing how the existing casinos impact the state. Indeed, there are signs Maryland may not be able to support more gambling. The manager of the Hollywood Casino in Perryville asked the state to eliminate up to 500 video lottery terminals because it has lost a third of its business since the casino in Arundel Mills opened in June.

For a peek into the gambling future, Maryland should look to its neighbors in Delaware. The First State jumped in early on slots and now generates more than 7 percent of its budget from gambling revenue. But as competition has heated up from Pennsylvania and other states, including Maryland, Delaware is scrambling to add more gambling just to maintain existing revenue.

First the state legalized sports betting. Then it added table games at the casinos. In June, the state passed a law to allow online gambling, which essentially will enable residents to gamble from their home or mobile phone. Delaware is also looking to add keno machines in restaurants.

At the same time, the state is giving casinos a giant tax cut, supposedly so they can better compete. In a sense, Delaware lawmakers are just like addicted gamblers who chase their losses.

Now, Maryland is poised to make the same bad bet.

*Paul Davies is a fellow at the New York-based Institute for American Values, where he edits the blog [getgovernmentoutofgambling.org](http://getgovernmentoutofgambling.org).*

## Casinos as the Bleak New Senior Citizen Center

Amy Zietlow

*The Atlantic*

August 3, 2012

As with many adventures, I didn't realize I was on one until I was deep in the belly of a southern Louisiana casino where 35 cent bets flowed faster than the free Diet Coke. My elbow rested on the walker of an elderly gentleman who was teaching me slots. He worried I was going to waste all my money. I appreciated his grandfatherly concern even as I struggled not to ask him, "Is this really a responsible thing to do?"

As a hospice professional and pastor, I realize the importance of communities encouraging active lifestyles among the elderly. By 2030, over 20% of our US population will be over 65. Caregivers, churches, and governments will be looking for recreational outlets that offer community and fun while honoring the independence and dignity of older Americans. Half of all adult visitors to casinos last year aged 50 and older, so I decided to observe the American Gaming Association's (AGA) "Responsible Gaming Education Week" — which is held annually since 1998 in the first week of August — by asking: do casinos do justice to our seniors? What does it mean for anyone, much less vulnerable aging people, to gamble "responsibly"?

In an oft-quoted AGA survey from 2002, the Peter D. Hart Research Associates, Inc., and The Luntz Research Companies report that 62 percent of seniors see casinos as merely an inexpensive day out for someone on a fixed income. They argue that "90% of seniors don't want someone telling them how to spend their time or money" and that "senior citizens believe gambling is a question of personal freedom...[that] they should be able to go into a casino, have their own budget, and spend their disposable income the way they want." The AGA uses their annual "Responsible Gambling Education Week" to suggest that pathological gambling is rare. But reading between the lines of the "educational" factoids and pop quizzes they offer it is easy to see the real message: there is NO such thing as luck. The longer and faster you play any "game," the more money the house guarantees you will lose.

My adventure begins with a leisurely, summer weekday morning drive down River Road in Baton Rouge, Louisiana. The casino boat parking lot is nearly full at 11:30 a.m. Valets are using casino-logged scooters to assist disabled drivers from their cars and through the sliding glass doors. They shout "Good luck to you!" as nurse's aides, clad in scrubs, unload other seniors from nursing home and assisted living facility vans, pushing their wheelchairs into the brightly lit facility.

Inside, an elderly man sleeps with his walker at his side. I am looking for the buffet (\$2.99 senior day) but am soon lost, and I end up wandering down the descending ramp that leads to the gambling boat. When I pass through a turnstile three blazer-clad security men offer a jovial, "Good luck to you! Good luck to you!" A silver-haired man, tripping on the high pile of the carpet, redirects me to the buffet.

There I meet Mrs. Carol and Mr. Herb, a married couple in their 70's, who like me are freezing in the over air conditioned space. Mr. Herb sports an ornate carved cane with a stone handle. They come to the casino at least two times a week, but they weren't actually going to play that day; they just came

out for the cheap buffet. Video poker is their game. When they learn that I have never played the game they warn me off it, suggesting I get an instructional book at the library first so that I don't lose all my money. They also instruct me to, "Get a card!" Ms. Carol takes out her card to show me but warns that my card will be red, not gold like hers. She has already worked her way up to "celebrity" status at the casino. Soon their friend, Mr. Norm, passes by and shares that his wife won \$4000 the day before. When he leaves, Ms. Carol confesses to Mr. Herb, "I think we should go play a little...I can't believe Janice won that....We're already here, we might as well play."

They leave, and I head for three floors of gaming where I am enveloped in a fog of red, blue and gold lights. Slot machines are clanging and shaking, some old fashioned looking and some technical, digital, computerized. No one is talking. Old and disabled people are scattered, each alone, staring at machines. I see one long line of slot machines played by a wheel-chaired elder, a standing nurse, another wheel-chaired elder, another standing nurse, on and on, each mindlessly hitting a flashing button.

I can't bear to watch them for too long, so I make my way to the penny slots on the far wall. Sitting next to a gentleman, his walker at his side, I break into his trance. "I've never played this machine before," I say. "Is it hard?"

"Huh?" He pauses, blinks and turns to help me, "Nah. It tells you what to do... You want to get 7's. If you get blue, red, or green you can get extra spins."

"Do you mind if I watch you first?"

After struggling with the machine accepting his \$5 bills, he explains how the casino tickets work and also how you have to bet at least 35 cents or it won't play, but you can bet higher. I watch a bit and then give it a try. As I insert my money and start to push the 50 button, he stops me. "Oh! Don't do that! Just bet the lowest to get used to it. You don't want to lose your money so fast."

I thank him for the advice, play a few times and cash out, then stop for some free Diet Coke.

On the next floor I meet a white-haired lady with a cane sitting at a newer computerized slot machine.

"I've never played this machine...any advice?"

"Oh, just hope it wins!"

I go to put my \$10 in the machine and she says, "You don't have a card?"

"No," I reply, "Do I need a card to play?"

"Well, it's doesn't help you win but you can get free stuff with one. Just show them your driver's license and they'll get you started."

I put my money in and ask, "Okay, what next?"

"You'll want to play all five wheels. You can bet different amounts." I notice that she always plays 50 so I ask if 50 is her thing. "No, I just always play the second button whatever it is."

"Okay, I will try that too."

"Oh, no, no! You play the lowest. Don't waste your money like that." I mentally note that she is now the third senior to worry about me wasting my money. So, I play the 25. As I hit different things she explains them to me. When I somehow manage to get back to my original \$10, I cash out. As my ticket prints, she says, "Good for you! That's the way to do it. Break even."

As I sit back I ask, "Do you come here often?" She also sits back to talk.

"Well, not as much as I used to. My husband has been real sick, in the hospital," she sighs, "Almost lost him. We used to get to the big casinos on the coast all the time. We finally got to Marksville a few weeks ago. We come a few times a week." She pauses. "It's something to do."

When I cash out my \$10 the cashier repeats the incessant refrain I have heard from every casino employee that day, "Good luck to you!" I find myself instinctively responding, "And also with you." My liturgical colors are showing, even though the call-and-response of the passing of the peace I practice each week in worship offers reconciliation and human connection, not a hollow illusion of luck.

Driving home, I realized that the only moments of true dignity and community I witnessed occurred when I broke into a stranger's escape by offering a genuine smile and eye contact, politely requesting help or advice, and asking questions about his or her life outside of the casino boat. This led to laughter, a sharing of burdens, human connection. When we sat silently with our free sodas mindlessly hitting a slot machine button, the contrast could not be greater from communal games of bingo. In those, a nursing home or assisted living facility profits nothing from the seniors playing. Casino slot machines are designed, as Dr. Natasha Schull writes, to extract maximum profit for the casino from those who play. They are built to create addicted zombies, something any of us, but especially the most vulnerable, can fall prey to.

Casinos bank on our buying into an illusion of luck — an illusion that creates a sham of human dignity, a false sense of community, and an empty construct of "fun" that lures us into a place of mindless escape rather than of mindful connection. Ultimately, the transaction always profits the house. Now that the government is the biggest sponsor of casino gaming, all of us — even those who never visit casinos — have to ask, are we turning a blind eye to a government-sponsored predator that creates false community, drains money and undermines dignity for those most vulnerable among us? Are casinos really the most responsible form of recreation we can offer our seniors?

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## **New York, Play This Hand Very Carefully**

Paul Davies  
*New York Daily News*  
June 8, 2012

The collapse of Gov. Cuomo's proposed deal with a Malaysian company to build a \$4 billion convention center next to its Aqueduct racino in Queens underscores the haphazard way the governor and lawmakers have gone about trying to expand gambling in New York.

It was troubling enough that Cuomo struck a deal with Genting before legislation to legalize commercial casinos was introduced, let alone approved. Any claim the deal was about building the largest convention center in the country was put to rest after Genting pulled out largely because it couldn't be guaranteed exclusive gambling rights in New York City.

Now Cuomo says he wants a gambling commission, with members appointed by himself and legislative leaders, to think all this through. He says he wants it to operate in public — being fully transparent and accountable to the taxpayers.

Don't bet on it. This much is becoming clear: When it comes casinos, money and influence seem to drive policy.

Casinos were not part of Cuomo's extensive agenda when he ran for governor in 2010. But a year later, he voiced full-throated support for casinos. Coincidentally or not, that support came after more than \$2 million in contributions from casino interests to a group closely allied with the governor, according to a recent report in *The New York Times*.

Cuomo argues the state is already in the gambling business, so it may as well seize the economic benefit of being all in.

But the answer to gambling is not more gambling.

Yes, casinos will create jobs and generate tax revenue for state coffers. But casinos also have some very troubling economic and social costs. In fact, a large chunk of casino revenue comes from problem and repeat gamblers.

At a gambling conference in Philadelphia last year, Ron Baumann, the general manager of the Harrah's in Chester, Pa., said his customers visited an average of 4.5 times a week.

Baylor University economics Prof. Earl Grinols found that every \$1 in revenue a state generates from gambling costs taxpayers \$3 in social welfare, criminal justice and regulatory costs.

Casino supporters will produce different numbers.

But what's especially troubling in New York is that Cuomo and lawmakers did not even take the time to conduct an independent cost-benefit analysis before pushing forward to overturn a constitutional ban and legalize commercial casinos.

In fact, lawmakers admitted after the first late-night vote in support of casinos back in May that the number of gambling joints they proposed to add — seven — was a compromise based on no real analysis. Assemblyman Gary Pretlow (D-Westchester) quipped that seven is just "a lucky number."

This is what passes for due diligence in Albany? Changing the state Constitution should not be taken lightly. There is a reason why New York's forefathers felt compelled to prohibit gambling. Many of its ills persist today.

In fact, the National Gambling Impact Study Commission recommended in 1999 that there be a pause in any expansion of gambling to examine the overall impact. That never occurred. Instead, states have rushed into the casino business with little or no thought. This rapid expansion has many casino operators and lawmakers warning that the market is saturated.

The collapse of the Genting deal is not a time for the state to simply find new partners to build casinos. Rather, it's an ideal moment for New York to pause and conduct its own independent study that looks at the costs and benefits of adding more casinos. Lawmakers and voters should be armed with such information before deciding if casinos are really the right policy for the Empire State. After all, the main responsibility of lawmakers is to protect citizens, not implement a policy that is nothing more than a roll of the dice.

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## New York's Bad Bet

By Paul Davies  
*The New York Times*  
January 22, 2012

The governor of New York, Andrew M. Cuomo, is sending his state down the same wrongheaded path as other states that are trying to gamble their way out of economic trouble by legalizing commercial casinos.

The casinos might create jobs and generate revenue for state coffers, but those gains would come at a cost that casino supporters ignore or play down. Various studies, including research by the economist Earl L. Grinols at Baylor University, have shown that casinos produce little to no economic spinoff and in fact divert spending away from surrounding businesses like restaurants, movie theaters and live entertainment. In the worst cases, some problem gamblers spend money that is needed for groceries, rent or child support.

More broadly, casinos are nothing more than a regressive tax that extracts wealth from the very citizens who can least afford it. The details of Governor Cuomo's plan — which requires changing the State Constitution — remain largely under wraps but will likely follow the blueprints of other states that have allowed casinos at select locations.

While those casinos are billed as “destination resorts,” they are really convenience casinos — typically the size of a big-box retailer — that rely mainly on repeat gamblers who live in the area. Many are located in rural and working-class towns and cities that cater mainly to low rollers, not James Bond-type jet-setters.

A casino in downtown Cleveland is opening this year in a former department store. Steve Wynn wants to build a “low rise” casino in Foxborough, Mass., near a shopping center and the New England Patriots' football stadium. The Sands opened a casino in Pennsylvania in 2009 on the site of a Bethlehem Steel plant.

Florida, Illinois, Kentucky and Maine are among the states considering similar moves to raise revenue. It is all part of a broader gambling expansion that includes efforts to legalize Internet gambling at the federal level and in several states. New Jersey wants to legalize sports betting. Thirty years ago, Las Vegas and Atlantic City were the only legal casino destinations in the country. But over the last few decades there has been a steady increase in lottery offerings, riverboat casinos and gambling on Indian reservations. Today, 41 states have some form of casino gambling, and all but 7 have a lottery.

Governor Cuomo is correct that New York — which has a state lottery, casinos on Indian reservations and video lottery terminals at the Aqueduct Racetrack — is already in the gambling business. Many New Yorkers also travel to Atlantic City, Pennsylvania and Connecticut to gamble. But making gambling even more convenient to residents is not the answer to the state's budget or unemployment woes. Lawmakers are sworn to protect residents, not make it easier for them to lose money.

The economist Paul A. Samuelson described gambling as the “sterile transfer of money or goods between individuals, creating no new money or goods.” Warren E. Buffett called gambling a “tax on ignorance.” Governor Cuomo’s father, Mario, himself a former governor, understood the negative impact. “There is a respectable body of economic thought that holds that casino gambling is actually economically regressive to a state and a community,” he wrote in a 1994 book, “The New York Idea.”

Indeed, studies show that where casinos are established there is often an increase in crime, bankruptcy, divorce and suicide. A study last year by the University of Maryland, Baltimore County found that one in every 30 state residents had a gambling problem. Those most at risk for developing gambling addictions are single men between the ages of 18 and 29, either African-American or Latino, with less education and income than the overall population.

For New Yorkers, opening casinos closer to home would create new gamblers and prompt many residents to gamble more often, especially low rollers who are more likely to get hooked on slot machines. That has been the case in Pennsylvania, which legalized slots in 2004.

At the Parx Casino in Bensalem, Pa., many gamblers come in an average of three to four times a week — or roughly 150 to 200 times a year, David Jonas, the former president and the chief operating officer of the casino, said at a gambling conference in 2010.

Over all, the number of calls to Pennsylvania’s problem gambling help line jumped by 26 percent in the first quarter of last year, according to the Pennsylvania Council on Compulsive Gambling.

New York can expect the same payoff from its bad bet.

*Paul Davies, a journalist and a fellow at the Institute for American Values, edits an anti-gambling blog.*

## Cuomo vs. Cuomo on Casinos: Andrew, Heed Mario

By David Blankenhorn and Andrew Yarrow

*New York Daily News*

January 4, 2012

As Gov. Andrew Cuomo makes his case this week for amending the New York State Constitution to legalize casino gambling, we should also listen to his father, former Gov. Mario Cuomo. While the current governor seems likely to trot out familiar talking points — that casinos will generate revenues for state government and create jobs — his father bluntly said in 1994 that bringing casinos into a state “doesn’t generate wealth, it just redistributes it.” He warned that, if the Legislature proposed a constitutional amendment to bring casinos to the state, he might “fight the proposal in public debate.”

In his 1994 book, “The New York Idea,” Mario Cuomo cited civic, religious, personal and economic reasons for his opposition to casinos. “There is a respectable body of economic thought that holds that casino gambling is actually economically regressive to a state and a community,” he wrote.

By contrast, in a Dec. 26 Daily News story, Andrew Cuomo argued that “the economic boost from casino gambling far outweighs the increase in crime and compulsive gambling and other social ills that critics say the industry fosters.”

Who is right, the father or the son?

Economists broadly agree with the father. “Casino gambling is not just economically regressive, it is sociologically destructive to the community,” economics Prof. Mary O’Keeffe of Union College has said.

Prof. Robert Frank of Cornell concurs: “Legalized casino gambling encourages people to pin their hopes on games of chance that are stacked against them. Those who are determined to gamble will find some way to do so, but why lend government’s imprimatur to predators’ efforts to exploit people who can least afford to bear the inevitable losses?”

And speaking of a “respectable body of economic thought,” Paul Samuelson, one of the 20th century’s foremost academic economists, instructed millions of students in his best-selling textbook that gambling “involves simply the sterile transfers of money or goods between individuals, creating no new money or goods.” He continued: “Although it creates no output, gambling does nevertheless absorb time and resources. When pursued beyond the limits of recreation . . . gambling subtracts from the national income.”

Mario Cuomo also grasped that casinos tend to rip off the poor and harm communities. He poignantly remembered the effects of race track gambling in the poor neighborhood where he grew up: “My father owned a grocery store in Queens and he gave credit to people, and he resented when people didn’t pay him, but they did go to the bookmaker and pay him. The best-dressed guy in the neighborhood was the bookmaker.”

His son would do well to grasp the same point.

While the casino lobby likes to portray casinos as lavish, Monte Carlo-style “resorts” catering to the wealthy and glamorous, the reality is quite different. Most casinos today are little more than “slot barns” preying on the poor and vulnerable, just like the bookmaker in Queens was doing in the 1930s. Most revenue from today’s casinos is not from high rollers who have flown in from faraway places to stand in front of roulette wheels or dice tables, but from nearby residents who sit in front of high-speed slot machines that employ merciless logarithms to separate them from their money. Former Mayor Fiorello LaGuardia called slot machines “mechanical pickpockets.”

Not only is most of the clientele for casinos the working poor and the elderly hoping for an impossibly “lucky break,” but studies show that casinos increase the risk of overindebtedness, credit delinquency and bankruptcy. Nearby casinos elevate the incidence of at-risk, problem and pathological gambling and are also associated with higher crime in areas where they are located.

The current Gov. Cuomo says that — given the lottery, race tracks and other related gaming — New York is already in the gambling business (as are 47 other states), and that if it doesn’t open casinos, the potential take will keep going to Atlantic City, Connecticut and elsewhere. But research shows that new casinos do not so much alter gamblers’ destinations as create new gamblers and more gambling, with all the attendant problems of debt, addiction and crime.

When asked this same question 18 years ago, Mario Cuomo responded: “There is no question that we have made concessions to gambling. All I’m saying is, enough is enough. Casinos are a whole different breed. It changes communities.”

Indeed it does. As Mayor Bloomberg, an opponent of gambling who, nonetheless, has pledged to support the governor, said: “History shows it really doesn’t do much for the neighborhoods around casinos.”

*Blankenhorn is president of the Institute of American Values. Yarrow, who teaches at American University, is the author of “Measuring America: How Economic Growth Came to Define American Greatness in the Late Twentieth Century.”*

## More Casinos? Think Again

By David Blankenhorn  
*Albany Times Union*  
January 2, 2012

Gov. Andrew Cuomo, Senate Majority Leader Dean Skelos and Assembly Speaker Sheldon Silver seem to have agreed, apparently without consulting anyone except one another and some casino industry lobbyists, that we should bring casino gambling to New York. This might be announced to the public in a matter of days. If so, it's a terrible idea wrapped in a cynical process.

Cuomo says that he has already decided in favor of casino gambling and will urge the Legislature to take steps to change the state constitution to permit casino gambling.

And as that vote in Albany takes place, what does the governor envisage as his next step?

He has said that his next move will be to "research the issue" and have his administration "do our homework" and "put together intelligent committees and do a real study."

But isn't that exactly the opposite of what the process should be? Wouldn't it make sense for the governor and his team to study this issue first — learn a little something — and then decide what they believe and want to do?

Shouldn't any responsible leader think first and then act, rather than the other way around?

There's actually a lot to learn about casinos. For example, the casino lobby brags that casinos will create jobs and it's true that any new economic activity — from loan sharking to triple-X movie theaters — will create jobs.

But research shows that only some of these activities actually contribute to economic growth, and casinos — mainly because they produce nothing of value — are not among them. Some research suggests that casinos actually retard economic growth. Paul A. Samuelson, whose "Economics," is the largest-selling economics textbook of all time, concludes that gambling "involves simply the sterile transfers of money or goods between individuals, creating no new money or goods. ... When pursued beyond the limits of recreation, where the main purpose after all is to 'kill time,' gambling subtracts from the national income."

In his book, "The New York Idea," former Gov. Mario Cuomo writes that "there is a respectable body of economic thought that holds that casino gambling is actually economically regressive to a state and a community."

As he put it in an interview with the New York Times in 1994, bringing casinos into a state "doesn't generate wealth, it just redistributes it."

The reporter interviewing him pushed back:

Why didn't the then-governor publicly oppose racetrack betting? Why did he push for an expansion of the state Lottery?

Cuomo answered:

"There is no question that we have made that concession to gambling. All I'm saying is, enough is enough. Casinos are a whole different breed. It changes communities."

My colleagues at the Institute for American Values recently surveyed New York state economists on this issue. The results are not definitive, since we received only 64 responses from the 126 scholars we contacted. But of those who responded, 69 percent believe that casino gambling is economically regressive to a state and a community.

Surely, if the issue is changing not only our communities but our state constitution, the burden of proof — the requirement of presenting actual evidence and giving serious explanations that have been vetted by serious people — must be borne primarily by those who seek the change.

Surely it's not too much to ask of our leaders in this case that they bear this burden responsibly and with integrity and that they therefore take a period of time actually to think, and to allow us to think along with them, before they act.

It's not too late, Governor Cuomo, Leader Skelos and Speaker Silver, to get this issue right.

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