

RESEARCH CHALLENGES AROUND GAMBLING: WHAT WE NEED TO KNOW, AND HOW TO GET THERE

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FUNDAMENTAL PRINCIPLES: IDEALS TO APPLY TO RESEARCH

- **Need to separate “positive” findings from “normative” positions**
 - This is a field with a lot of judgmental opinion, based on moral positions, cultural views, political persuasion, religious beliefs, and/or aesthetic perspectives
- **Need to rely on the scientific method as much as we are able**
 - Analytic claims, where truth or falsity depends on meanings of terms
 - Empirical claims, where truth or falsity depends upon the facts of experience
- **Normative claims appeal to how the world ought to be, irrespective of how it is**
 - The first claim above, therefore, is normative

OBSERVATIONS ON THE VISION AND MISSION OF ALBERTA GAMING RESEARCH INSTITUTE

- **Gambling is everywhere unique, but everywhere similar**
- **The value in developing a “Community of Scholars” and a body of accepted knowledge
=> National and global contributions**
- **Pragmatic contributions to to the Provincial government => Better knowledge can lead to better policy decisions, fewer fundamental mistakes**
- **Case in point: The Gambelli decision and its ramifications for some countries in the EU**

HOW SHOULD WE VIEW THE CURRENT STATUS OF GAMBLING, AND THE MAIN ACTORS?

- **Gambling has a substantial political dynamic in society in the early 21st century, affecting the following factors:**
 - **Role of legal status, influencing availability, access, operating constraints, and quality of product offering**
 - **Determination of benefactors of prescribed rules, including governments, suppliers, recipient organizations, customers, and society at large**
 - **Determination of those damaged by the dynamic processes, including P&P gamblers, their families and associations, and the sensitivities of those whose moral or aesthetic sensibilities are challenged**

THE ACTORS: MAJOR STAKEHOLDERS IN LEGAL GAMING INDUSTRIES

- **The Gaming Industries & Gaming Suppliers**
 - Privately owned or publicly traded companies; profit motivated, often in a highly competitive environment
- **Governments**
 - Interested in various objectives: revenue enhancement, economic development, doing the “right thing”
- **Helping Services**
 - Motivated or directed to mitigate problems people experience with gambling
- **Consumers of gambling services**
 - Want to be in action; willing and able to spend to do so
 - High proportion of normal; small proportion of P&P
- **The general public, interested & otherwise**

WHAT ARE THE MAIN REASONS FOR ENCOURAGING GAMBLING RESEARCH?

- **Linking good research to good policy: The importance of fact-based policy directions**
- **Region-specific research studies: Better understanding the Albertan and Canadian gaming environments**
- **Basic research: Contributing to the knowledge base in ways that have no obvious direct application, but credibility and sharing with others**
- **The most important policy question is: What is the appropriate presence of, and structure for, permitted gambling in society?**
- **In terms of evaluating alternatives, we need to give careful thought to the incremental changes in benefits and costs that are created**

PERSONAL OBSERVATIONS ON POLICY ORIENTED RESEARCH

- **Objective: Create a stable, sustainable and positive environment for gaming industries**
- **The single most important area that is valuable for shaping good public policy is in better understanding the issue of problem and pathological (P&P) gambling**
- **Also of concern is fully understanding the distributional implications of gambling policy on the various stake-holders, and how they are affected by alternative legal, regulatory, and market structures, and external competitive conditions**

**CASE STUDY #1: ANALYZING
BENEFITS AND COSTS
ASSOCIATED WITH PARTICULAR
GAMBLING POLICIES**

WHAT ARE THE SOCIAL AND ECONOMIC COSTS AND BENEFITS ASSOCIATED WITH DIFFERENT TYPES OF LEGAL GAMBLING?

- **Need to be clear on analytical definitions of “social costs,” “internal costs,” etc.**
- **Need to carefully measure benefits such as consumer surplus, funding for “good causes,” redistribution effects, stimulative effects**
- **Need to carefully review and understand the existing body of research, and to view it with a critical eye**
 - **Literature review: Whistler Conference (*Journal of Gambling Studies*), Special issues, *Managerial & Decision Economics* (2001, 2004), Australian Productivity Commission (1999), Gambling Review Report (Budd Commission, UK – 2001)**

**CASE II:
THE ECONOMIC
IMPLICATIONS OF
ALTERNATIVE OWNERSHIP
AND MARKET STRUCTURE
REGIMES FOR CASINOS AND
CASINO-STYLE GAMING**

IMPORTANCE OF OWNERSHIP AND MARKET STRUCTURE

- **Ownership Alternatives: Private Sector v. Government Ownership**
 - Examples of government-owned casinos: Canada, tribal, Holland, Austria, Philippines, Slovenia
 - Albertan variation: Private ownership, but government as a conduit for “good causes”
 - High tax rates (as in Europe) make government a *de facto* partner
 - Germany, France, Spain
- **Market Structures: “Laissez faire” v. Highly regulated and constrained**
 - Nevada, Mississippi, and Atlantic City v. Australia, the United Kingdom (existing laws)

STRENGTHS AND WEAKNESSES OF BASIC ATTRIBUTES

- **Competition:** Must be responsive to the consumer, but they can create externalities; harder to develop a social conscience
- **Monopoly:** Protected profits but political vulnerability, inefficiencies, not consumer friendly
- **Government Ownership:** Very political, fuzzy objectives, over-staffing, “wrong people” can rise to the top, can be consumer insensitive
- **High Tax Rates (or significant redistribution of revenues to good causes):** Limits the extent of return on investment, can result in “unattractive gambling” => *Racinos* in the United States

CHALLENGES IN DESIGNING SPECIFIC GAMING STRUCTURES

- **Simulate the competitive market (i.e., why should employees be friendly to the customer?)**
- **Overcome the political shortcomings (need educate politicians, constituents & general public)**
- **Be more socially responsible; appreciate “enlightened self-interest”**
 - **Need to create political stability**
- **Never under-estimate the potential for backlash based on bad events, practices, or news coverage
=> cultivate and sophisticate the media**

CASE #3:
THE IMPLICATIONS OF
TECHNOLOGICAL
DEVELOPMENTS ON
PROBLEM GAMBLING AND
SOCIAL CONTROLS OVER
GAMBLING

PHILOSOPHIC FOUNDATIONS: TWO APPROACHES

- 1. Harm Minimisation: Protections should be built into the games, the venues, the conditions of play**
 - All gamblers should be equally inconvenienced to protect those truly in need
- 2. Problem gamblers are a small but identifiable group of consumers. They should be isolated and treated differently than other gamblers**
 - Self-banning and other banning strategies
 - Gambling as a consumer activity is a revocable privilege

TECHNOLOGICAL FACTORS

- **Advances in electronic gaming devices**
 - Electronic games are becoming more productive, more entertaining, probably more seductive
 - Will this make them more dangerous to problem gamblers?
- **The emergence of electronic money**
 - Is it wise to permit Electronic Funds Transfers on Slot Machines? Nevada's experience
- **Player loyalty systems**
 - Can player data bases be used to help identify players in need? Alberta's dilemma
- **Responsible gambling software packages**
 - Can we determine if gaming device “warning labels” and “safety belts” actually do any good?

CASE #4:
UNDERSTANDING THE
ACTUAL IMPACTS OF
HARM MINIMIZATION
STRATEGIES

WHERE WE STAND NOW

- **Various jurisdictions have introduced constraints on the attractiveness or functionality of gaming devices**
 - **Driven by “hunches” rather than science**
 - **Need for politicians to demonstrate they care, and they are doing something about it**
- **There is very little understanding of whether any of this even works, or what the unintended consequences might be**
 - **Analogy to closing hours and bars**
- **There is a clear need to move toward fact-based policy making**

SUMMARY: THE PRAGMATIC VALUE OF SUPPORTING GAMBLING RESEARCH IN ALBERTA

- **Popularity and technology are going to continue to drive directions in permitted gaming**
- **Government dependence on economic rents from permitted gaming is not going to change**
- **The potential for major mistakes is reduced with good scientifically based research**