



Christian Reflection

A Series in Faith and Ethics

Focus Article:

📖 The Hidden Social Costs of Gambling
(*The Gambling Culture*, pp. 19-28)

Suggested Article:

📖 The Harm of Predatory Gambling
(*The Gambling Culture*, pp. 73-77)

What do you think?

Was this study guide useful for your personal or group study? Please send your suggestions to Christian_Reflection@baylor.edu.

Christian Reflection

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The Hidden Social Costs of Gambling

The social costs of gambling—crime costs, business and employment costs, bankruptcy, suicide, illness related to pathological gambling, social service costs, direct regulatory costs, family costs, and abused dollars—are “hidden” only to the extent that they are often misunderstood or overlooked.

Prayer

God, we acknowledge your gracious hand in all our lives, your generous gifts of grace by which we live. Help us to rest secure in the knowledge of your love for us. We know that all we have comes from you.

God, we recognize your glorious image in our neighbors, your gracious community with whom we live. Help us to renew our commitment to love this world the way you love it. Help us to use our resources, granted by you, to relieve want, ease suffering, and meet the needs of those around us. In doing this, help us to fulfill your great desires, through Jesus your son our savior, we pray. Amen.

Scripture Reading: Deuteronomy 15:7-11

Reflection

Earl Grinols and Suzii Paynter make a great pair of guides for this study. While the noted economist Grinols dissects the social costs of gambling with studied dispassion, Paynter speaks with the passion of one involved in public advocacy.

Working at the Texas Baptist Christian Life Commission, “I have been morally shaped by battling against one of the most aggressive and predatory businesses in the country,” Paynter writes. “What I have learned is that it is not the simple personal impulse to wager that is destructive; it is the multi-billion dollar business model and its complicit partner, the state, that have elegantly designed machines and marketing that will without conscience ‘play you to extinction,’ or until all your money is gone.” Paynter is passionately opposed to predatory gambling because she is concerned to protect the poor and vulnerable in her community. She observes, “Considering gambling harmless is an attitude that serves the interests of those who want expansion of gambling.”

Grinols uses cost-benefit analysis to study the social impact of organized gambling on communities. He says, “Contrary to assertions often made by proponents of the gambling industry that the social costs of gambling cannot be identified and measured, it is possible to do both. The social costs of gambling are ‘hidden’ only to the extent that they are misunderstood or overlooked.”

The introduction of organized gambling in a community will increase the number of pathological (or compulsive, addicted) gamblers. Each year about one percent of adults in the United States satisfy the criteria for pathological gambling. How much does each pathological gambler cost the community annually?

The cost falls into nine categories, for which Grinols notes the amount (in April 2011 dollars) measured by empirical studies.



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- ▶ *Crime costs* include the police, apprehension, adjudication, and incarceration expenditures for crimes (like forgery, fraud, and theft to finance gambling). The annual cost to the community for each pathological gambler is \$1,156.
- ▶ *Business and employment costs* for lost productivity, lost work time, and retraining or replacing workers adds up to \$2,882.
- ▶ *Bankruptcy costs* average \$307 each year.
- ▶ *Suicide* “imposes costs on families and the wider society as well as ending the life of despondent gamblers,” Grinols notes. The empirical studies do not estimate these costs.
- ▶ *Illness related to pathological gambling* costs \$945 annually.
- ▶ *Social service costs* for unemployment payments, professional treatment, and other social services, add up to \$507.
- ▶ *Direct regulatory costs*—the amount that state and local governments spend each year to regulate gambling and the gambling industry—are not measured by these studies.
- ▶ *Family costs* include domestic violence, divorce, separation, and child abuse and neglect related to gambling disorders. Only divorce and separation were measured at \$76 a year.
- ▶ *Abused dollars*, which are taken improperly (e.g. stolen from a relative or friend) but not reported as a crime, total \$3,520.

“Working just from the list of social costs that have been empirically studied, one additional pathological gambler costs society \$ 9,393 annually,” Grinols concludes. There are other hidden costs as well. The gambling industry touts the increased business it brings to a community, but does not estimate its effect on the profits of other competing businesses—like restaurants in the vicinity of casinos.

This brings up important questions that Paynter worries about in her article: “Is it right for government to prey upon its citizens—especially the most vulnerable of its citizens?... Is it right to enact public policies that put the private interests of the gambling industry ahead of the public good?”

Study Questions

1. How does Suzii Paynter distinguish “predatory gambling” from “social forms of gambling like Friday night poker games”? Why is this distinction important?
2. Which category or amount of the social costs of gambling surprise you? Which did you expect?
3. “Wisconsin has a gambling addiction rate of seven percent [of adults],” Paynter notes. Do the math: how much does pathological gambling cost each Wisconsin adult annually?
4. Discuss Paynter’s remark: “The Bible demands that right and just actions (and by implication right and just policies) resemble neighbor love. Especially with respect to the most vulnerable people in society, we are called to think, act, and legislate more like Good Samaritans than robbers, and more like concerned neighbors than indifferent passers-by. Neighbor love and predatory behaviors are mutually exclusive.”

Departing Hymn: “Self-Sufficient! Is the Cry”

The Hidden Social Costs of Gambling

Lesson Plans

<i>Abridged Plan</i>	<i>Standard Plan</i>
Prayer	Prayer
Scripture Reading	Scripture Reading
Reflection (skim all)	Reflection (all sections)
Questions 1, 2, and 4	Questions (selected)
Departing Hymn	Departing Hymn

Teaching Goals

1. To distinguish predatory gambling from social forms of gambling.
2. To consider how the predatory gambling industry develops pathological gamblers and thus harms the common good.
3. To estimate the social costs to society of each pathological, or compulsive gambler.

Before the Group Meeting

Distribute copies of the study guide on pp. 4-5 and ask members to read the Bible passage in the guide. Distribute copies of *The Gambling Culture (Christian Reflection)* and ask members to read the focus article and suggested article before the group meeting.

Begin with a Story

As a noted economist who has studied the social costs of gambling, Earl Grinols is often consulted by government panels reviewing the legalization or expansion of the gambling industry.

“After testifying to a state legislative finance committee on the East Coast about the social costs of gambling, I was challenged by its chairman regarding the costs I had just enumerated,” Grinols recalls. “I have been to Las Vegas and other gambling areas,’ [the chairman] said, ‘and I did not see anything.’ My response was, ‘What did you expect to see?’ Even the social costs of crime are usually hidden, as with silent embezzlement by an employee that goes on for years until it is discovered. But there are other reasons that the social costs of gambling—all quite real—might seem hidden.” In selling itself to state legislators, Grinols believes the gambling industry intentionally underestimates or ignores the social costs of gambling and overstates the social benefits.

Prayer

Invite members to share their personal celebrations and concerns with the group. Provide time for each person to pray silently. Conclude by reading the unison prayer in the study guide.

Scripture Reading

Ask a group member to read Deuteronomy 15:7-11 from a modern translation.

Reflection

This study balances Suzii Paynter’s passionate advocacy against organized gambling with Earl Grinols’s measured economic analysis of the social costs of gambling. Members of your group may appreciate one more than the other, but all of us need to hear both voices, for together they help us discern whether legalization of the gambling industry serves the public good.

The study guide simplifies Grinols’s more complex analysis. Some group members may want to explore his reasoning more closely. It will be helpful to explain how the empirical studies arrived at their conclusions. Grinols writes, “The two primary ways that social cost numbers are estimated is through the study of pathological gamblers’ histories and through statistical analysis of crime and other social cost statistics. Making conservative adjustments to reported costs—e.g., for the possibility that problem gamblers in treatment are not representative of problem gamblers in the population and for the issue of multi-causality (an alcoholic pathological gambler may incur higher social costs than a non-alcoholic pathological gambler)—reduces some of the numbers, but the reported social costs per pathological gambler remain.”

Study Questions

1. Suzii Paynter writes, "By definition, predatory gambling is the practice of using gambling products and venues to prey on human weakness in pursuit of corporate profits and government revenue. There are major differences between social forms of gambling like Friday night poker games versus predatory products like slot machines: the speed of the games, the 'buzz' or 'high' people get when they play, the mountain of losses, and the manipulative marketing practices. The collective effect is to produce problem gamblers and addictive behavior that is the profit center of the enterprise. In many casinos, ninety percent of the casino profits come from ten percent of gamblers."

This distinction allows Paynter to keep the focus on the gambling industry that requires a stream of addicted gamblers. Her primary concern is the social harm done by this industry, not the effects of social forms of gambling.

2. Encourage members to record their individual judgments about each category and estimate before the group discusses them together. This process will generate more lively discussion.
3. Paynter's statistic is based on a press release "Wisconsin's Problem Gambling Helpline Remains Busy" (January 12, 2011) in which Rose Gruber, executive director of the Wisconsin Council on Problem Gambling Hotline, reports that "five percent to seven percent of Wisconsin's population – roughly 338,000 people – are believed to be problem or compulsive gamblers." Since Grinols is estimating the social cost of just the compulsive gambler (the more serious condition), let us conservatively estimate just three percent of Wisconsin's population suffers this addiction. Then for every 100 citizens there will be 3 gamblers costing \$9,393 annually. Spreading this cost ($3 \times \$9,393 = \$28,179$) over 100 citizens gives an annual social cost of \$282 for each per person to bear. An average family of four would be losing \$1,127 each year. Of course, many social costs are distributed unequally with the families, friends, neighbors, and employers of gamblers bearing a greater amount. Recall that this number does not include the trauma of suicide or the state's regulatory expenses.
4. Discuss Paynter's remark: "The Bible demands that right and just actions (and by implication right and just policies) resemble neighbor love. Especially with respect to the most vulnerable people in society, we are called to think, act, and legislate more like Good Samaritans than robbers, and more like concerned neighbors than indifferent passers-by. Neighbor love and predatory behaviors are mutually exclusive."

Paynter extends neighbor love to be a criterion of social policies. Christians should work for legislation that leads people to treat one another "more like concerned neighbors than indifferent passers-by." Thus she is concerned that by legalizing predatory forms of gambling, we are not just permitting people to gamble, we are inciting them to gamble.

Paynter writes, "Should we the people, through government-sponsored products and venues, exploit the human weaknesses of citizens in our own communities for profit and revenue? By legalizing and promoting gambling, the government effectively turns millions of people who are small earners with the potential to be small savers into a new class of habitual bettors. ...To provide historic perspective for the current economic context of the debate, imagine that in the shadow of the Great Depression the country's leaders proposed to legalize and promote slot machines to make up for the revenue lost in a depressed economy to help finance the war effort. Our leaders fortunately followed a different path and challenged citizens to buy savings bonds, which along with other economic strategies and circumstances helped to promote the highest savings rate during the twentieth century, widespread prosperity, and the smallest gap between rich and poor in the United States during the past century."

Departing Hymn

"'Self-Sufficient!' Is the Cry" is on pp. 55-57 of *The Gambling Culture*. If you choose not to sing the hymn, you may read the hymn text in unison or silently and meditatively as a prayer.