



No dice Legalized Gambling a Bad Bet to Improve Hawaii's Troubled Economy

By

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Hawaii's economic downturn has its governmental officials scrambling to find new sources of revenue to balance the state budget. As is happening around the country, the gambling industry and its proponents are touting gambling as a painless solution to raise money. They claim it will increase jobs, tax revenues and keep residents from traveling to Las Vegas. However, academic research paints a different picture.

This research shows gambling fosters gambling addiction problems, diverts money from other businesses, increases crime and, in the case of lotteries, draws much of its revenue from low-income residents.

As many economists have concluded - and as a Jan. 23 editorial in the Pacific Business News discussed - careful scrutiny of the facts shows that the long-term economic and social costs of bringing legalized gambling to Hawaii would be considerably higher than short-term benefits.

Hawaii is fortunate in having one of the nation's foremost experts on gambling visiting the islands this week. John Warren Kindt, professor of business administration at the University of Illinois at Urbana-Champaign, will be making a series of presentations tomorrow through Friday to the public and government officials about the facts on gambling. A popular speaker, Kindt also will appear on radio and TV shows.

Kindt's work elaborates on several themes relevant to Hawaii's situation. In one of his articles posted on the PBS Frontlines Web site - "[The Business-Economic Impacts of Licensed Casino Gambling in West Virginia: Short-Term Gain but Long-Term Pain](#)" - Kindt makes the following points.

From a business-economic perspective, the main issue involved in legalizing various forms of gambling is whether gambling activities constitute a valid strategy for economic

development. While the dollars invested in various legalized gambling projects and the jobs initially created are evident, the industry has been criticized for inflating the positive economic effects and trivializing or ignoring the harmful effects.

The industry's tendency to focus on specialized factors provides a distorted view of the localized economic positives, while ignoring the strategic business-economic costs to the state as a whole. In 1994, all of the various experts who testified before the U.S. House of Representatives Committee on Small Business criticized the effects that casino-style gambling activities inflict upon the criminal justice system, the social welfare system, small businesses and the economy. Utilizing legalized gambling activities as a strategy for economic development was thoroughly discredited during the hearing.

Legalized gambling activities have been directly and indirectly subsidized by the taxpayers.

The field research throughout the nation indicates that for every dollar the legalized gambling interests indicate is being contributed in taxes, it usually costs the taxpayers at least \$3 - and even higher numbers have been calculated. These costs to taxpayers are reflected in: infrastructure costs; relatively high regulatory costs; expenses to the criminal justice system; and large social-welfare costs

Social welfare costs

Legalized gambling activities act as a regressive tax on the poor. Specifically, the legalization of various forms of gambling activities make "poor people poorer" and can dramatically intensify many pre-existing social-welfare problems.

Demographic analyses reveal that certain disadvantaged socioeconomic groups tend to gamble proportionately greater amounts of their overall income; and marketing efforts, particularly by state lotteries, have allegedly been directed at these target groups.

Kindt's conclusion

Increasingly, taxpayers and businesses are beginning to realize that, as professor Jack Van Der Slik of the Illinois Legislative Studies Center has summarized for much of the academic community, state-sponsored gambling "produces no product, no new wealth and so it makes no genuine contribution to economic development."

Kindt's visit is being sponsored by the Hawaii Coalition Against Legalized Gambling, an alliance of organizations and citizens united in their common opposition to introducing legalized gambling into the islands.

Members and supporters of the coalition come from a range of civic, conservation, education, environment, law enforcement, political, public health, religious, senior citizen, business, youth and other community organizations.

Ira Rohter is first vice president of Hawaii Coalition Against Legalized Gambling.

Find this article at:

http://www.starbulletin.com/editorials/20090208_No_dice.html



John Warren Kindt, Professor of Business Administration at the University of Illinois at Urbana-Champaign, and opponent of legalized gambling, will make a series of presentations this week in Honolulu.

Tomorrow: Feb 9

» 11:15 a.m.-1 p.m. Harris United Methodist Church, lunch presentation, \$5

Tuesday:

» 5:45 a.m. KGMB 9 TV news

» 9 a.m. Press conference at state Capitol with Honolulu City Prosecutor Peter Carlisle on gambling and crime.

Thursday:

» 5 p.m.-6 p.m. Town meeting call-in show on Hawaii Public Radio.

» 7:30 p.m.-8:30 p.m. "Insights," PBS Hawaii public television show. Kindt and Maui state Rep. Joe Souki will discuss the pros and cons of legalized gambling.