



research reveals...

an update on gambling research in ALBERTA

About The Alberta Gaming Research Institute

The Alberta Gaming Research Institute is a consortium of the Universities of Alberta, Calgary, and Lethbridge. Its primary purpose is to support and promote research into gaming and gambling in the province. The Institute's identified research domains include bio-psychological and health care, socio-cultural, economic, and government and industry policy and practice. The Institute aims to achieve international recognition in gaming-related research. It is coordinated by a Board of Directors working in collaboration with the Alberta Gaming Research Council. The Institute is funded by the Alberta government through the Alberta Lottery Fund.

OUR MISSION:

To significantly improve Albertans' knowledge of how gambling affects society

Your comments and queries are welcome either by e-mail abgaming@ualberta.ca or phone 780.492.2856.

Best practices for determining the socio-economic effects of gambling emerge at institute's fifth annual conference

by Rhys Stevens

THE INSTITUTE'S 5TH ANNUAL ALBERTA CONFERENCE ON GAMBLING RESEARCH took place on April 21 and April 22, 2006 at the Banff Centre in Banff, Alberta. The magnificent Rocky Mountains provided a wondrous backdrop for conference participants to further their understanding of the social and economic costs and benefits of gambling. The conference was co-sponsored by the University of Lethbridge and featured presentations from prominent economists and social scientists involved in the study of gambling and other closely-related issues.

Welcome / Opening Remarks

Dr. Keith Archer (Director of Research, Banff Centre)
Mrs. Sheila Murphy (Chair, Alberta Gaming Research Council)
Dr. Nady el-Guebaly (Board Chair, Alberta Gaming Research Institute)

The Institute's founding Board Chair, Dr. Keith Archer, welcomed conference participants to the Banff Centre and highlighted the geographic diversity among delegates and presenters. Mrs. Sheila Murphy then greeted the audience on behalf of the Institute Council and informed attendees of its role in assisting the development of the Institute's research priorities. Final introductory remarks came from current Board Chair Dr. Nady el-Geubaly who announced that the Board had recently formulated a plan to hire a "research chair" at the University of Alberta to study the economics of gambling.

THEME: Methodological Issues

Dr. Eric Single (Professor of Public Health Sciences, University of Toronto)

Dr. Single described his past work developing international guidelines that continue to be used worldwide in the estimation of the costs of substance abuse. The current edition of these guidelines was published in 2004 by the World Health Organization and refinements will be incorporated in future versions as researchers gain experience using them. Though cost studies like these are often desired by governments, Single pointed out that they are merely a starting point for more in-depth research into



The magnificent Rocky Mountains provided a wondrous backdrop for conference participants.

identified issues. Single suggested that the ultimate importance of such studies is in their contribution to the introduction of program and policy decisions made to assist individuals attempting to cope with substance abuse problems.



Dr. David Casey, Research Project Coordinator, Alberta Gaming Research Institute

“the conference topic is a difficult one, but one that is of keen interest to government as well as all Albertans.”

– Honourable Gordon Graydon

As part of his presentation, Single suggested that work previously completed in the substance abuse field has several implications for those attempting to estimate the costs of gambling. He recommended: 1) that multidisciplinary teams be assembled to inform “inputs” into cost studies; 2) that the value of cost studies lies in the details uncovered rather than in

“bottom line” accounting; 3) that sensitivity analyses be used to maximize comparability (“know that you’re comparing apples with apples”), and; 4) that a focus be on developing an ongoing process rather than a single, universally-accepted methodology.

Dr. Rob Williams (Professor, School of Health Sciences, University of Lethbridge)

In his presentation, Dr. Williams systematically addressed the most pertinent methodological problems related to socio-economic analyses of gambling that he and librarian Mr. Rhys Stevens unearthed as part of a thorough review of the literature. Williams explained that he was drawn to this particular area of gambling research because of its “wonderful complexity” and the fact that it was “more potentially interesting than other areas.” He also cautioned that an absolute consensus on how to measure gambling’s costs and benefits is *not* likely but felt there could be agreement on the range of variables examined. He anticipated that the main utility for this research was in the discovery of new details and methodological approaches.

Overall, Williams’s findings indicated that only a small fraction of studies

amidst the “rubble” of research in this area did an adequate job in measuring gambling’s socio-economic effects. Most of the existing studies were inconsistent, inadequate, biased or contained elements of all three. A sampling of the methodological problems he discussed included the following: 1) impartiality of research results; 2) attempted quantification of impacts not measurable in dollar values; 3) poor determination of the geographical study areas and timeframes; 4) difficulties in isolating the effects of gambling, and; 5) limitations relating to the use of cross-sectional designs. For each of these and other methodological shortcomings, Williams proposed resolutions that he recommended be used in future investigations to minimize such difficulties.

Dr. Doug Walker (Associate Professor of Economics, Georgia College)

Economist Dr. Doug Walker indicated in his presentation that there were still several important unresolved questions related to quantifying the social costs and benefits of gambling. On the benefit side of the ledger, one specific issue among researchers related to what he termed “transfers of wealth.” Walker argued that the most appropriate economic perspective was to consider transfers as having no *net* economic effect because impacts to one party are always offset by benefits to another. Another thorny benefits-related issue he highlighted was in the determination of the “consumer surplus”¹ accruing to gamblers from gambling. It was described by Walker as being “probably the most significant benefit to casino gambling but also the most difficult to measure since data is unavailable.”

Walker next discussed several of the unresolved economic cost issues plaguing cost-benefit gambling studies. He indicated that researchers have used a bewildering lexicon of jargon to reference the social costs of gambling and that this jargon has been harmful to furthering

¹ Consumer surplus refers to the difference that gamblers would be *willing* to pay versus what they actually pay to gamble.

the research agenda. In addition, Walker noted that it was problematic to extract costs that were strictly problem gambling-specific when an individual exhibits co-morbid behaviours. Walker concluded his presentation by advising attendees to always keep in mind the “counterfactual” scenario (i.e., accounting for effects relative to what would have happened otherwise) when performing studies and also urged attendees to be critical of the literature as it developed.

Mr. Mark Anielski (President, Anielski Management Inc., Edmonton, Alberta)

As a “well-being” economist, Mr. Mark Anielski suggested that he was primarily interested in measuring the quality of life among individuals and societies. He advocated using tools such as the Genuine Progress Indicator (GPI) to measure societal wealth rather than only relying upon traditional and perhaps outmoded measurements like the Gross Domestic Product (GDP). He described how the GDP is indiscriminate when it comes to measuring positive or negative economic expenditures by providing an example of the GDP “hero”. This hypothetical individual would provide a great boost to GDP figures if s/he happened to be “a daily gambler, chain-smoking, terminal cancer patient going through an expensive divorce whose car has been totalled in a 20-car pile-up.” Anielski said that, unlike the GDP, the GPI can effectively discriminate between those economic expenditures that are positive and those that are regrettable.

GPI studies from Australia and Nova Scotia have previously included gambling indices as part of their overall suite of well-being indicators. Anielski himself included a problem gambling indicator in his initial Alberta GPI study (2001) and one was also part of a 2004 follow-up report. He mentioned that, in the absence of an ability to effectively monetize the socioeconomic effects of gambling, a more satisfactory approach is one that provides a “shopping list” or “taxonomy” of impacts and well-being indicators.

THEME: Jurisdictional Studies of Costs / Benefits

Honourable Gordon Graydon (Minister of Gaming, Province of Alberta)

In his address to conference attendees, Alberta Minister of Gaming Gordon Graydon stated that, “the conference topic is a difficult one, but one that is of keen interest to government as well as all Albertans.” He acknowledged that gambling provides both benefits and costs to Albertans and he expressed his optimism that Alberta’s focus on strategic research will ultimately prove beneficial to individual citizens. Minister Graydon concluded by extending his thanks to the Institute for its work as well as his desire to continue working together with the Institute on these issues.

Dr. Ki-Joon Back (Assistant Professor, Department of Hotel, Restaurant, Institution Management, and Dietetics, Kansas State University)

Dr. Back prefaced his presentation by relating a powerful story of how a tragic event involving a personal friend prompted him to leave a job in the Las Vegas casino industry. After this incident, Back dedicated himself to studying the casino industry from an academic perspective. Shortly thereafter, he was presented with an opportunity to study the effects of casinos in Korea. Interestingly, there had previously been no gaming impact studies done in that country despite a legalized casino gambling industry that stretched back to 1967.

Of the fifteen casinos currently operating in Korea, Back said that the domestic populace was only permitted to frequent the Kangwon Land Casino. This extensive casino complex was established in 2000 to re-energize a flagging local economy. The purpose of Back’s study was to explore the changing attitudes and perceptions of local residents to the casino development over the course of four years. His findings indicated that residents’ perceived benefits had a strong direct effect on support for the casino. Additionally, he found that social exchange theory fit very well in

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- Dr. Dean Gerstein

“We also need to be realistic regarding options for change... when [governments] let the genie out of the bottle by the legitimization of gaming, we created an environment where it will be difficult to move back in the other direction.”

– Dr. Bill Eadington

explaining residents’ attitudes toward casino operations.

Dr. Dean Gerstein (National Opinion Research Center [NORC], University of Chicago)

Dr. Gerstein provided an overview of the U.S. National Gambling Impact and Behavior Study. It was undertaken by the NORC consortium from 1997 to 1999 as part of the U.S. National Gambling Impact Study Commission. Though this work was independently funded, Gerstein cautioned that, “there are few sources of research funding without any bias whatsoever.” The study specifically measured the costs and benefits of gambling with particular emphasis on casino gambling. It relied on data obtained via a national telephone survey, onsite intercept surveys at five different types of gaming facility, a statistical time series study, and key informant telephone interviews.

The published report contained a substantial number of findings. One particularly controversial one was its estimate that gambling cost American society \$5-billion per year. Echoing other conference presenters, Gerstein commented that, “the bottom line figure [in this report and others like it] really doesn’t matter as much as the details.” He also suggested that there was no single correct methodology for this area of research and that it hasn’t been exclusively claimed by any particular academic discipline. As a final thought, he saw much potential for researchers to advance this field incrementally by incorporating multi-type data collection strategies into their research methodologies.

Dr. Jan McMillen (Centre for Gambling Research, Australian National University)

In her presentation, Dr. McMillen discussed Australian research that related to the evaluation of the costs and benefits of gambling and pointed out that most existing studies had been cost-benefit analyses (CBA). More recently, however, there had been a wholesale abandonment of that methodology largely because CBA proved ineffective in quantifying

the overall balance between benefits and costs. McMillen said that this was a result of the CBA process being intrinsically value-laden. Other problems were that local community “intangibles” were undervalued, a level of consumer choice was assumed, and that final results were inevitably inconclusive.

McMillen discussed the fact that Australia was one of the few countries fortunate enough to have high-quality aggregate gambling data available on a regional level. Unfortunately, it still suffered from a lack of reliable economic data related to the local employment and business sector effects of gambling. This is a drawback as McMillen stressed that the socio-economic effects often differed at the community level. She suggested that communities themselves are defined in terms of social and cultural categories and not spatial ones. This has meant that particular communities are either more vulnerable or more resilient to the effects of gambling. McMillen pointed out that it is her preference to use the term *effects* rather than *impacts* because, “an impact implies the community is passive when in reality they’re active.”

Dr. McMillen’s main recommendation for those pursuing socio-economic gambling investigations was to focus on detailed local area studies. Such a focus can help to provide solutions for any “missing parts of the puzzle.” She suggested that human geographers and GIS mapping techniques were invaluable additions to multidisciplinary research teams for performing fine-grained community analyses. In her conclusion, McMillen remarked that it was her experience that, “research can and does have impact.”

Mr. Paul Buchanan (Hall Aitken, Glasgow, UK)

Mr. Buchanan detailed a casino gambling regulatory regime which recently emerged in the United Kingdom (UK). A change in the law in 2005 allowed for the future development of 17 new casino facilities with slot machines. In a call for casino proposals, the Minister responsible for gambling specified that bids for facility

licences originate from areas in need of economic regeneration. UK consulting group Hall Aitken was funded by an unidentified source to identify and quantify the potential impact of several proposed regional casino developments on host communities.

As part of the Hall Aitken study, Buchanan relied on published research findings from other jurisdictions in order to determine the major socioeconomic issues relevant to the UK casino debate. This information was quantified and subsequently applied to Blackpool and Birmingham casino case studies. Each city had made an application for a regional “super casino” licence as part of their urban revitalization strategy. Key findings that emerged from Buchanan’s projections included the following: 1) estimates of the economic benefits resulting from casinos were misleading; 2) the high social costs of problem gambling outweighed economic benefits in any one site, and; 3) casinos would undermine local regeneration targets in cities that were ill-prepared for them.

Mr. Robert Hann (Robert Hann & Associates);
Mr. Robert Simpson (Ontario Problem Gambling Research Centre);
Dr. Rob Williams (Professor, School of Health Sciences, University of Lethbridge)

Mr. Hann described his involvement in a series of four Ontario charity casino studies that examined the impacts and perception of impacts resulting from an increase in gambling availability. The studies involved the collection of original data via telephone and exit surveys. His research findings indicated that there were often numerous sub-groups within each of the communities studied. “Deciding which groups whose interests you want to address is a political decision and not a methodological one,” according to Hann. He concluded by noting that it is essential for researchers to develop new methodologies to understand community dynamics resulting from changes in gambling availability.

In his address to the conference, Mr. Simpson described a recently approved \$3.1-million project to examine the effect of a “slots-at-racetrack” facility on the City of Belleville, Ontario. The Ontario Problem Gambling Research Centre study is to be led by Mr. Robert Hann and Dr. Rob Williams and will be implemented in such a way as to make the resultant data comparable with longitudinal studies of gambling taking place in Alberta and Manitoba.

Dr. Williams expounded on the methodology being proposed for the five-year longitudinal study of gambling in Belleville. He suggested that, “the attractive thing about this particular study is the ability to learn from mistakes made [in other studies] and to apply a more state-of-the-art methodology to a new situation.” Williams listed a number of specific strategies that he believed would improve the accuracy of data collection as well as increase the retention rate of individuals involved in the study. He was confident that the study’s methodological underpinnings had the potential to significantly advance the field of gambling research.

Dr. Deepak Chhabra (Assistant Professor, Health, Physical Education & Leisure Services, University of Northern Iowa)

Dr. Chhabra discussed a study commissioned by the Iowa Legislative Council and undertaken by her research team at the University of Northern Iowa that investigated the socioeconomic impacts of casino gambling in Iowa. She described both the investigation and its findings as being highly politicized. Primary and secondary data was collected from four separate counties which also included a control group of counties for comparative purposes. Overall, data collected approached a representative sample for the entire State of Iowa.



Mr. Rick Vircavs, Saskatchewan Liquor & Gaming Authority & Mr. Rhys Stevens, Librarian, Alberta Gaming Research Institute

“an impact implies the community is passive when in reality they’re active.”

- Dr. Jan McMillen

“Deciding which groups whose interests you want to address is a political decision and not a methodological one”

– Mr. Robert Hann

Chhabra indicated that the main limitations of the study related to unreliable casino admissions data and an apparent underestimation of spending by gamblers in other commercial businesses (e.g., hotels). As well, much of the historical data obtained was somewhat inconclusive on issues such as the relationship between casinos and crime. Findings indicated that there were *overall* positive economic benefits generated as a result of casinos. Within these results, however, were also indications that some of the benefits of casino gambling were marginal (e.g., unemployment trends in casino and non-casino counties were similar, casino counties showed a higher Chapter 7 bankruptcy rate, etc.). Dr. Chhabra concluded with a recommendation that researchers strive to improve their data collection practices so that the precision of results is increased.

THEME: Impacts on Specific Sectors

Dr. Kate Spilde Contreras (Center for California Native Nations, University of California at Riverside)

In her presentation, cultural anthropologist Dr. Kate Spilde Contreras noted that, despite their different histories and purposes, research on the socio-economic effects of Indian gambling faced similar methodological challenges as other forms of gambling. Much of the existing research pertaining to the impact of Indian gaming in the United States was described by Spilde Contreras as being qualitative and local in scope. Though the research was often dismissed by policy-makers, Spilde Contreras stated that, “local impacts are the most meaningful in terms of the lived experience of Indian gaming.”

Of particular interest to Spilde Contreras has been the way in which individual tribal governments have managed their tribal gaming revenues with respect to institution-building, housing, education, and social programs. Based on her work as an investigator involved in several interdisciplinary studies of Indian gambling, Spilde Contreras indicated that gaming tribes had largely experienced

positive economic changes during the 1990s. It was, however, difficult to prove that Indian gaming has been at the root of such changes. She also pointed out that even those U.S. tribes operating gaming under a uniform federal regime have had different success rates. In summary, Spilde Contreras felt that the economic successes of Indian gaming were difficult to generalize. Gaming had, however, provided opportunities for tribes to be involved in their own economic self-determination.

Dr. Harold Wynne (President, Wynne Resources)

In an entertaining and enlightening presentation, Dr. Wynne informed conference attendees that his research experience had taught him that, “[policy development] was whimsical and fraught with political considerations and the genesis of gambling expansion has been devoid of any real input with respect to policy decisions.” Though Wynne said that data from ongoing studies may eventually help influence future decision-making, he has yet to be convinced that this will be the case. His self-described “epiphany” came several years ago while working with eight ethnic community groups using a Participatory Action Research (PAR) methodology. Wynne described that his greatest research interest is now in the application of information obtained from socio-economic impact studies to mitigate the effects of problem gambling in communities.

Wynne’s research approach makes use of a framework for addressing community impacts which is based on the Community Health Improvement Process (CHIP) model. This framework identifies the various phases of stakeholder involvement required in assessing, addressing, and monitoring the impact of gambling over time. To date, Wynne’s framework had been implemented in eight Toronto-area communities and seven First Nations communities—five in Ontario and two in Alberta. He specifically referenced WRAGGI (Waterloo

Region Action Group on Gambling Issues) which has been implementing the framework for the past three years. Wynne felt that community coalition groups such as WRAGGI showed great promise when developed in partnership with local health providers and community service organizations.

Dr. Garry Smith (Faculty of Extension, University of Alberta)

Citing examples from his own and other studies related to the crime and gambling connection, Dr. Garry Smith expertly illustrated the nature and variety of gambling-related crime. In a City of Edmonton study, Smith and his collaborators reviewed over 5,000 Edmonton Police Service (EPS) occurrence files and a gambling connection was established in approximately four per cent of cases. According to Smith, the use of crime data in the assessment of the socio-economic impact of gambling is still far from being an exact science. The present lack of precise source data has led to a “seriously understated view” of the issue.

Smith also pointed out that, “A lot of the [existing] crime and gambling studies have been quite descriptive and atheoretical.” His recommendation to investigators was that they consider incorporating existing theories germane to predicting gambling-related crime into their research methodologies. Another point of discussion from Smith’s presentation related to the blurred roles of provincial governments who both operate and regulate gambling in Canada. This has led to an unfortunate situation where, “The only difference [between what is considered legal and illegal gambling] is often who’s running the game.” In order to remedy the situation, Smith made a concluding recommendation that those responsible for the enforcement of gambling regulations be autonomous from provincial governments.

Dr. David Hodgins (Professor, Department of Clinical Psychology, University of Calgary)

In his presentation, Dr. David Hodgins provided an overview of what is known

about the effect of gambling availability on rates of problem gambling. In his review of the scholarly literature, Hodgins found that there were three general models that had been used by researchers to explain the linkage. The models included: 1) a *linear model* which directly links increases in problem gambling with gambling availability; 2) a *gambling saturation model* that predicts an initial increase in problem gambling followed by a plateau, and; 3) a *social adaptation model* which predicts a gradual problem gambling plateau followed by a decrease as the “novelty effect” of gambling wears off. The challenges of actually testing these models was described as being related to how to operationalize terms such as gambling exposure and problem gambling.

Hodgins then touched upon some of the “lessons learned from alcohol literature” and indicated that price and availability are strong predictors of levels of alcohol consumption. Also of interest from that body of literature were the various other factors at work (e.g., moderating influence of treatment, vulnerability factors, etc.) which introduced added layers of complexity into basic explanatory models. In summary, Hodgins commented that data from longitudinal research studies was key to informing our understanding of the links between gambling availability and gambling behaviour as well as those between gambling behaviour and gambling problems.

Dr. Bill Ramp (Associate Professor, Department of Sociology, University of Lethbridge)

Dr. Bill Ramp engaged conference attendees with his presentation on the *perceived* effects of gambling and how these perceptions are interwoven as part of the moral fabric of society. Ramp’s research delved into both the historical and contemporary rationales for the moralization of gambling by way of two quite distinct case studies. In his initial study, Ramp explored the moral reform discourse of “gambling as vice” that occurred in the predominantly rural Canada of the early twentieth century.

“the attractive thing about this particular study is the ability to learn from mistakes made [in other studies] and to apply a more state-of-the-art methodology to a new situation.”

– Dr. Rob Williams

He noted that, despite unflattering portrayals of moral reformers as “starchy older ladies in flower hats and print dresses who were against all sex and alcohol,” the reformers were, in fact, strong proponents of the idea that citizenship should be a concrete way of life.

Ramp’s second case study involved interviewing individuals involved with non-profit organizations in Lethbridge, Alberta. He was seeking to understand how members individually and collectively came to a decision on whether to accept funding from gambling sources. An analysis of transcripts from these interviews indicated that there were significant variations among individuals and the moral judgements that they had employed in their decision-making. Interestingly, Ramp noted that he had detected elements of the historical moral reform discourse underlying the reasoning used by these individuals. Ramp concluded by suggesting that some of the old questions related to gambling’s place in society are still entirely applicable and mused that the “sleeping giant” of moral reform might yet be awakened.

Dr. Bill Eadington (Professor of Economics, University of Nevada, Reno)

In his opening remarks, Dr. Bill Eadington observed that, “what occurs [in the gambling industry] of one jurisdiction often repeats itself elsewhere in the world.” He then discussed his recent involvement in an extensive study of the legal and economic aspects related to the provision of gambling services in the European Union. An impetus for the report was the Gambelli case which related to whether individual European states

had the exclusive right to offer gambling services within their borders. A draft version of the European Union report was to be posted on the website of the Swiss Institute of Comparative Law (<http://www.isdc.ch>) in April 2006.

Eadington identified many of what he felt were the “general challenges” faced by researchers studying the costs and benefits of gambling. Chief among them were distinguishing scientific results from advocacy research and the determination of proper metrics to measure economic and social effects. He noted that some of the other factors responsible for introducing methodological complexity were: 1) rapid advances in gambling technology such as Internet gambling; 2) differing risks of problem gambling by gambling product, and; 3) lack of consensus on whether the root cause of problem gambling behaviour is product-specific or individual-specific. Eadington cautioned that, “We also need to be realistic regarding options for change... when [governments] let the genie out of the bottle by the legitimization of gaming, we created an environment where it will be difficult to move back in the other direction.”

Closing Remarks

Nady el-Guebaly (Board Chair, Alberta Gaming Research Institute)

Dr. Nady el-Guebaly expressed his thanks to the conference sponsors and attendees for their continued support of the Institute. He also recognized the valuable contributions of both Dr. Rob Williams and Institute Executive Director Mrs. Vickii Williams in designing and planning the conference.

For additional details, see presentation materials on the Institute web site.

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ISSN 1499-2639 (Print)
ISSN 1499-2647 (Online)

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