

# Social Costs Of Gambling: A Comparative Study Of Nutmeg And Cheese State Gamblers

*William N. Thompson*

*Ricardo Gazel*

*Dan Rickman*

## Abstract

An analysis of the social costs of problem gambling finds similar results from two surveys of gamblers in treatment in Wisconsin (N=98) and Connecticut (N=112). Cost factors examined include lost work time and unemployment, bad debts, thefts, civil court costs, criminal justice system costs, and welfare costs. The problem gambler in Wisconsin imposes an annual cost of \$8,681 on other persons, while Connecticut costs amount to \$15,994. The variations between the two groups surveyed are found, for the most part, in costs of thefts. The differences can be explained by the fact that legalized gambling has been established longer in Connecticut.

## Introduction: Apples and Apples

This paper examines data from two separate surveys of problem gamblers in treatment. The purpose of the study is to ascertain the social costs of the activity of problem gamblers for a society. In April and May, 1996, ninety-eight members of 15 Gamblers Anonymous (GA) groups in Wisconsin completed questionnaires regarding their gambling activity before they began attending GA. The written questionnaires were filled out anonymously before and after regular meetings. They were distributed and collected in sealed plain envelopes by meeting coordinators. A similar procedure was followed in Connecticut in January and February 1997. In addition to GA members, Connecticut surveys were given to problem gamblers in treatment groups conducted by the Connecticut Mental Health Department. The

*William N.  
Thompson, Ph.D.,  
Department of Public  
Administration,  
University of Nevada,  
Las Vegas.*

*Ricardo Gazel,  
Ph.D., United States  
Federal Reserve Bank,  
Kansas City, Missouri.*

*Dan Rickman,  
Department of  
Economics, Oklahoma  
State University.*

Connecticut survey produced 112 respondent questionnaires. The questionnaires were essentially identical, however, a South Oaks Gambling Screen question list was added to the Connecticut survey.

Earlier publications have reported an analysis of the Wisconsin data (Thompson, Gazel, & Rickman, 1996; Thompson, Gazel, & Rickman, 1997). Connecticut data have been reported on an item by item basis, but the data have not been analyzed in order to gain a cost profile (WEFA Group, 1997). By juxtaposing the data with an identical model of analysis in two states, we can seek a replication of the Wisconsin findings, and where there are discrepancies between the two state's findings, we can seek explanations. Here we have an opportunity to compare apples and apples.

In addition to gathering information from which we could build a cost analysis, we also collected general information on the respondents and their gambling careers.

## **Apples and Oranges: Social Costs and Economic Losses for Societies**

Our analyses of the data collected are labeled very clearly. We have endeavored to be very precise about how we have generated specific numbers; albeit space here limits a detailed reporting of every statistical step. We are looking for social costs according to our definition of social costs. There have been many studies which have sought to do what we seek to do: give a precise measure of the dollar costs which the presence of one problem gambler, however labeled (problem, pathological, compulsive), projects onto other people in a society. The studies have used different methodologies in coming up with their numbers, although details of the steps they take to arrive at the numbers are often lacking. They have come up with a wide range of dollar figures, from a low figure of \$13,200 to over \$60,000 per year per problem gambler (Kindt, 1994; Politzer, Morrow & Leavey, 1981; Lesieur, 1996; Meyer, Fabian & Peter, 1995; and Meyer, 1996.). Other studies have also sought to interpolate a full societal cost of gambling by assessing how many people causing costs were serious problem gamblers (Casino Community Benefit Fund, 1995; Lesieur and Puig, 1987). By offering another model and indicating each facet of the model's construction, we only hope we can move this arena of study along toward fruitful results. We recognize that the task is not completed with our work. As we will indicate, the difficulty in finding precise data for each category in the model has in some cases led us to make assumptions that should be reviewed. We have purposely accepted conservative assumptions, which keep the numbers lower than they may in reality be. In other areas we have recognized that dollar figures would be so speculative, so very intangible that a handle can not be placed upon them. Therefore, we discuss some social cost items without assigning any costs at all. We leave out costs for matters such as broken families and suicides or suicide

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attempts related to problem gambling. This again leads us only to conclude that the numbers we present are probably lower than the social cost figure is in reality.

We are defining social costs for our study, we are not deferring to definitions that others make, no matter their status in any academic discipline. The social costs we are seeking to reduce to dollar figures are the costs that the gambler imposes upon people who are not participating in the gambling process as a result of his or her gambling and gambling related activities. The social costs of gambling are burdens that the gambler imposes on others. Others would not have these burdens if the individual were not participating in gambling activities. Social costs ARE cost transfers from one individual who is gambling to others who are not involved in gambling.

The social costs that we analyze may or may not fit into categories that some others would call social costs. Some fit while others do not fit into models of economic costs for society that have been designed by economists. In another study we have examined the economic costs of casino gambling in Wisconsin by applying a model that would be more to the liking of these economists. We looked at the presence of casinos in communities and asked just how much money flowed into and out of the community as a result of the presence of casino gambling. The net result constituted the economic cost. We did not consider the costs of compulsive gambling in that study, but we did suggest that part of those costs should be added to the economic equation (Thompson, Gazel, & Rickman, 1995). Here we are NOT looking only at costs which result in the loss of resources for the entire society, although some of the costs measured do precisely that. Moneys that have to be spent on police resources and on the judicial system because of the criminal activity of gamblers do result in such collective losses for everyone in a society. They are BOTH economic costs for a society and social costs for a society.

We reject criticisms of our model which say that social costs may not include costs that are imposed upon non-gambling individuals or groups of individuals while not being imposed upon all the members of the society (Walker and Barnett, 1997). Our critics have suggested that we cannot call a theft a social cost. WE DO CALL A THEFT A SOCIAL COST. One critic quoted economist Steven Lansburg to the effect that if the value of the stolen good remains in the community, the community has not incurred a loss. The "stolen property does not cease to exist. When a television set is moved from one house to another, it remains as reliable a source of entertainment as it ever was. This is true even when the new recipient of those services is a thief or a dealer in stolen property" (Lansburg, 1993, pp. 97-98, quoted in Walker and Barnett, 1997). We don't say our critics are wrong. Not at all. They are simply pursuing a different definition of costs than we are pursuing. It is a matter of apples and oranges.

We include the cost of stolen money and goods by a compulsive gambler to support gambling activity as a social cost of gambling. We include unpaid debts as well. We DON'T CARE whether or not the money has left the community; we DO CARE if the activity of the gambler has resulted in a reduction of wealth to other people who have not been willing partners in the gambling activity or the thieving activity involved. We do not suggest that it may not be valuable to know how much of the social costs also are moneys leaving the community (however defined geographically). Indeed if we can know this information precisely we can then add it to the positive and negative flows of money to a community as a result

of the presence of a gambling activity and hence determine a better net figure for economic gains and losses.

## The Survey Profiles

### Demographics

The groups surveyed in Wisconsin and Connecticut demonstrated many common demographic characteristics, yet some notable differences between the two groups deserve special comments. The similarities do permit us, however, to highlight some more striking differences in the gambling behaviors of the groups surveyed.

Both groups were decidedly male. In Wisconsin 71 (72%) of 98 respondents were male, while 87 (78%) of 112 in Connecticut were male. The median age of each group was in the 40s. In Wisconsin it was 43 years, in Connecticut it was 47 years. Almost all were white. In Wisconsin 95 were, while one was Hispanic, and two were Native Americans. The Connecticut respondents included 105 whites, two Asians, and two Native Americans among 109 respondents. The largest number of respondents were Roman Catholics, however, while in Wisconsin 45% fell into this category, in Connecticut the number totaled 74% of those surveyed. Forty-one per cent were Protestants in Wisconsin, while only 13% were in Connecticut. Only one Wisconsin GA member surveyed was Jewish, while 10% in Connecticut were.

In each state 52% of those surveyed were married, while in Wisconsin 31% were divorced or separated, and in Connecticut 32% were in this category. The others were single, either widowed or never married. Seventy per cent of the Wisconsin GA members who were divorced or separated indicated that gambling problems caused their family break-ups. Thirty-two of 58 Connecticut members who had been divorced or separated at some time, indicated that gambling was the primary cause for their separations.

Education levels of the respondents in Connecticut were somewhat higher as 22% completed college, compared with 13% in Wisconsin. There were also more professionals among the Connecticut GA members, 13% compared with 3% in Wisconsin. Each had approximately the same portion of white-collar workers and salespeople (45% and 46%), but Wisconsin had more blue-collar and technical or manual workers (45% to 32%). Accordingly, it was expected that Connecticut incomes were higher. Such was the case. The median income in Wisconsin fell into the \$25,000 to \$50,000 category. Thirty-eight per cent earned over \$50,000, while 22% had incomes below \$25,000. The median income in Connecticut was between \$50,000 and \$75,000, while 60% earned over \$50,000 and only 12% earned less than \$25,000.

### Gambling Histories

Table 1 illustrates attributes of the gambling careers of those in Wisconsin and Connecticut GA groups. The problem gamblers in Connecticut exhibited longer careers in wagering activities. While the group's median age was four years older,

they began gambling four years sooner, at a median age of 16 compared to 20 in Wisconsin. They started heavy (weekly) gambling ten years sooner (21 to 31), while they started borrowing for gambling at 27, compared with 33 in Wisconsin. The Connecticut gamblers indicated that their gambling problems began at 29 compared to 35.5 for Wisconsin gamblers. Gambling careers were also longer in Connecticut. By examining individual times between onset of gambling problems and their first meeting of GA (or other treatment) we found a median problem gambling career of about 9 years in Connecticut and only 3 years in Wisconsin. The times each group had attended GA meetings was approximately the same, 1.45 years in Wisconsin and 2 years in Connecticut.

**Table 1**  
**Attributes of Gambling Careers**

	Wisconsin (median)	Connecticut (median)
Gambling began (age)	20 yrs	16 yrs
Heavy (weekly) gambling began (age)	31	21
First borrowed to gamble (age)	33	27
Gambling problems began (age)	35.5	29
Length of gambling career	3	9
Time in GA	1.45	2
Age now	43	47

We asked the gamblers in treatment which games represented the source of their greatest problems. In open ended questions, the respondents in both states indicated they were drawn mostly to casinos and casino type games. The results were quite comparable as indicated in Tables 2 and 3. It should be noted, however, that the Connecticut respondents collectively found substantial problems in gambling with bookies, at off-track gaming centers and at jai alai games. These forms of gambling were certainly more accessible to the Connecticut gamblers. Jai alai is played for gamblers only in New England and Florida. Wisconsin has no off-track betting.

**Table 2**  
**Problem Games for Connecticut Problem Gamblers (N=112)**  
Number and percentage indicating this game was a "Definite Problem"

Native American Table Games	46	(41%)
Native American Video Slots	29	(26%)
Native American Video Poker	13	(12%)
Other Casino Tables	42	(38%)
Other Casino Slots	21	(19%)
Other Video Poker	12	(11%)
Race Tracks	31	(28%)
Off-Track Betting	25	(22%)
Bookies	40	(36%)
Lottery Numbers	24	(21%)
Lotto	26	(23%)
Instant Lottery	30	(27%)
Jai Alai	26	(23%)

**Table 3**  
**Problem Games for Wisconsin Problem Gamblers (N=98)**

Number and percentage indicating this game was a serious problem

Native American Casinos	80	(82%)
Non-Casino Slots	32	(33%)
Other Casino	26	(27%)
Lottery	20	(20%)
Riverboat Casino	17	(17%)
Race Tracks	16	(16%)

## Fruit in the Fields: Consequences of Gambling

### a. Volume of Gambling Related Activity and Source of Funds

There was an extreme range of reported lifetime losses in surveys in both states. In both Connecticut and Wisconsin a few gamblers reported losing over one million dollars. The median losses were \$82,500 in Connecticut and \$45,000 in Wisconsin. In the last twelve months before treatment median Connecticut losses were \$20,000, while in Wisconsin they were \$12,000.

At the time of beginning treatment Connecticut gamblers had median debts of \$30,000 compared with \$20,000 in Wisconsin. The sources of gambling funds are indicated in Table 4. In both states household funds and credit cards were the leading sources—identified by over 80% of the gamblers. These sources were followed by selling stocks and other securities and bank loans, and selling personal and family property. Writing bad checks was a prevalent practice of a majority of the gamblers before they entered treatment. A majority also borrowed from relatives, while less turned to their spouses. Among all these sources indicated, the spouse was the last source to be approached. In Connecticut, a much higher portion turned to bookies and loan sharks, while casino credit was used somewhat more in Connecticut as well.

**Table 4**  
**Sources of Funds for Gambling**

	Connecticut (N=112)	Wisconsin (N=98)
Household	100 (89%)	88 (90%)
Credit Cards	94 (84%)	82 (84%)
Banks	89 (80%)	75 (77%)
Sold Stocks	89 (80%)	41 (42%)
Bad Checks	74 (69%)	53 (54%)
Sold Property	53 (47%)	39 (40%)
Relatives	75 (67%)	51 (52%)
Spouse	55 (49%)	38 (39%)
Bookies	41 (37%)	13 (13%)
Loan Sharks	26 (23%)	4 (4%)
Casino Credit	20 (18%)	13 (13%)

The debts incurred by the gamblers produced consequences. In both surveys we found that 23% of the respondents went into bankruptcy because of gambling related debts. The gamblers were also sued over debts. There were 53 such law suits in Connecticut and 20 cases in Wisconsin.

A large number of respondents in both states admitted to stealing in order to have gambling funds. In Connecticut, 54 of 98 said they stole; 44 of 108 said they stole from their employers. In Wisconsin, 32 of 98 stole from employers, while 40 of 82 admitted to stealing from others. Several large thefts (over \$100,000) were excluded from the analysis. Average thefts amounted to \$22,533 in Connecticut and \$5,738 in Wisconsin.

#### **b. Workplace Consequences**

Over one third of the Connecticut gamblers and one-fifth of those surveyed in Wisconsin had lost jobs because of gambling. The average unemployment (over all gamblers surveyed) in each jurisdiction was over two months. Moreover, the average gambler lost 7.5 hours of work a month in Wisconsin and 9.8 hours per month in Connecticut from the workplace due to gambling activities.

#### **c. Welfare Support of Gamblers**

A number of GA gamblers received public assistance as a direct result of their gambling activity. In Connecticut 10 of 103 (10%) received food stamps and seven received other welfare payments (such as aid to dependent children) as a result of gambling. In Wisconsin, three had received food stamps because of gambling, and one aid to domestic children payment.

#### **d. Crime**

While a decided majority of the gamblers admitted to crimes and thefts as a result of their gambling activity, only a minority had been arrested as a result of these crimes. Of the Connecticut respondents 28 of 107 (26%) said they had been arrested. In total they reported 48 arrests. They had 41 trials with 19 convictions. Twenty were placed on probation and sixteen incarcerated serving a total of 105 months in jail or prison, an average of .94 months for the entire group of 112.

Only 14 in Wisconsin indicated gambling related arrests. They had been arrested 22 times. Eleven had been convicted for gambling related activities; three of these had multiple convictions. Eleven had been incarcerated serving a total of 82.1 months or an average of .9 months for each of the 98. Most of the crimes were property crimes; two forgeries, three thefts, two bad checks, one fraud, one child support infraction, and three driving while intoxicated. Eight had been on probation because of gambling related crimes.

#### **e. Treatment**

Seventy-three of the Connecticut gamblers had visited doctors and therapists because of their gambling problems. Ten had been hospitalized. The average

cost of treatment was \$761. Seventy-one of 103 (69%) indicated that they had insurance coverage for these costs.

In Wisconsin, 64 gamblers had undergone some treatment. Fifty-seven (58.2%) reported that they had been to a therapist for their gambling problems. Fifteen reported having been hospitalized because of gambling problems. The average treatment cost was \$2,625. Overall 65 (66.3%) said they had insurance coverage for therapy and other treatment programs.

#### **f. Other Consequences of Gambling**

The problems gamblers have affect people in financial as well as non-financial ways. Reports on compulsive gamblers have suggested that one person's gambling may have profound effects on as many as 10 to 20 other persons (Dunne, 1985; Lesieur and Puig, 1987). As mentioned above, family members are perhaps the most profoundly affected persons, as majorities in both states who had been divorced or separated indicated that gambling was the main cause of their family break-up.

These domestic failures carry lifetime consequences for their children. Real societal costs are attached to such family disruptions and also to the family turmoil caused by gambling. Those costs are nearly impossible for researchers to capture, but they are real. Also, we did not have the data to assess judicial system costs to the processes of divorce, although again we know that these costs are also very real. As we are not able to put dollar values on such costs in Connecticut and Wisconsin, they will not appear in our calculations. However, their existence necessarily renders the numbers we present to appear to be lower than they really are. It can be pointed out that a study in New South Wales assigned a public cost of \$2,000 (\$A) to each gambling generated divorce (Casino Community Benefit Fund, 1995).

Of course the domestic disruptions resulting from severe gambling problems impact the individual foremost. As many chase their impossible dreams toward the ends of an illusive rainbow they find not a pot of gold but a mental state of complete despair. According to studies, compulsive gamblers are much more likely than other people to commit suicide (Lesieur, 1992). We have no direct evidence to present supporting those findings, however, our questionnaires certainly suggest their validity. The 112 Connecticut respondents collectively revealed severe problems. Eighty (71%) said they had "wanted to die" because of gambling problems; 72 (64%) had suicidal thoughts, and 49 (44%) had planned their own deaths. Eighteen (17%) actually reported that they attempted suicide. In Wisconsin the results were similar but even more severe. Seventy-nine (81%) reported that they had experienced feelings of being "so low" that they wished to die; 69 (71%) had thoughts about committing suicide; 54 (55%) had planned how they would commit suicide; while 23 (24%) reported that they had actually attempted suicide. Costs are not assigned to these phenomena, again because the data available do not permit analysis. And again, this does not mean that the costs are non-existent, only that our bottom line numbers must be considered underestimates of the actual social costs of gambling in a society.

The personal tragedies of compulsive gamblers are compounded by other problems in their lives; however, we found that only a minority of the GA members

claimed to have other serious addictions. In Connecticut 29% and in Wisconsin 31% claimed to be alcoholics, 33% and 25% compulsive shoppers, 30% and 23% compulsive overeaters, and 20% and 15% drug addicts.

It must be noted that our assumption that problem gamblers would have some other major problems, even addictions, led us to carefully ask the respondents to identify factors that were specifically gambling related. For instance, in our analysis we consider only the arrests that were for gambling related crimes, not all arrests. In Wisconsin 38 gamblers indicated they had been arrested, but only 14 said because of gambling problems. We only used the 14 for social cost calculations.

## **The Harvests of Pain for Society: A Cost Analysis**

### **Hard Questions: A Caveat of Caution**

How much does one serious problem gambler cost to society? That is the essential question. Do we have a model that can be reliably used to gain a firm grasp on these costs? Can the model be used for comparative analyses of gambling across jurisdictional lines? As we were charged to respond when we were graduate students: Do our data present material for fruitful analysis?

These are not easy questions to answer, but the answers are the object of this research project. To determine costs we look to the evidence we have reviewed above. We consider employment costs, bad debts and civil court costs, thefts and criminal justice costs, the costs of therapy, and welfare costs.

We have defined who a serious problem gambler is quite simply by selecting the objects of our interviews—problem gamblers who were in treatment. For this reason, we must be careful when we attempt to project these individualized costs onto a society as a whole in a collective manner. We can make no firm claims that these respondents are a representative sample of any but other serious problem gamblers in treatment. We are not presenting evidence regarding how many in society as a whole share the attributes of these serious problem gamblers.

We did ask the Connecticut respondents to answer the South Oaks Gambling Screen (SOGS) questionnaire (Lesieur and Blume, 1987). Of those that did, 80% had SOGS scores of 10 or more. These were individuals in a therapy setting that emphasized and gave social support to a truthful revealing of gambling problems. Also, the questionnaires in all cases were completed in an anonymous fashion. While telephone surveys may find very few reporting SOGS scores as high as 10, probably under one percent, those surveys certainly present gross under-estimations of problem gambling (Walker, 1992). Additionally, a projection of these costs onto one or two percent of the population may represent an under-estimation of full social costs of gambling because persons with much lower levels of gambling problems (ones who might answer a SOGS survey with two or three or four positive responses) still do impose some social costs on society. Persons not yet at the threshold of serious problem gambling may steal time and money from the workplace in order to gamble, they may experience a debtor condition beyond their

means, they may encounter marital and family discord. We have not considered the social costs of a serious gambler, only those of these serious problem gamblers.

## **Annualized and Individualized Costs—Analysis**

The calculations of costs were individualized and annualized. That is, we sought to find the annual social cost of the activity of one single serious problem gambler. In several cases this meant determining the career costs of serious problem gambling and dividing them by 3.0 years—the approximate median length of a serious problem gambler's career.

While the Connecticut gambling career was longer in duration, we made a judgement that our comparative effort would lose value if we interpreted the length of the gambler's "fall" to be the same in both states. The duration of gambling problems in Connecticut must merit a separate explanation, but here it is reasonable to assume that the heaviest burdens of that career must have been felt in the latter stages. For that reason we also use a three-year period of time for assessing the costs, and divide the Connecticut costs by three in order to annualize them.

In our previous publication of our Wisconsin analysis, we do provide more detail on calculations and also indicate sources of data regarding welfare costs, e.g., food stamp payments, average AFDC, unemployment compensation, average wages (Thompson, Gazel, & Rickman, 1996).

### **a-1. Employment costs: Connecticut.**

The gamblers reported missing 9.8 hours a month from work because of gambling. This is 118 hours a year at \$15 per hour, representing a cost of \$1,770 a year in stolen wages. We did not attempt to estimate the cost of lost productivity of the worker who showed up for work but was in a state of preoccupation with gambling. Some other cost studies of gambling have factored this into their equations.

We also figured costs on the basis of \$732 a month unemployment compensation; an average time of two months on unemployment compensation resulted in societal costs of \$1,464 spread over three years, for an annual individual cost of \$488.

### **a-2. Employment Costs: Wisconsin.**

Discounting extreme cases, the average Wisconsin respondent lost 7.5 hours a month from work due to gambling. We calculated the value of 88.6 hours a year at \$15 an hour to be \$1,328.76. The annualized unemployment costs for the average gambler was, as in Connecticut, \$488.

### **b. Productivity Losses.**

The marginal value of a serious problem gambler's lost labor due to unemployment represents a social cost. In each survey an average loss of two months wages over three years is represented by a social cost of \$1,666 considering a wage of \$15 per hour or \$2,500 per month.

**c-1. Bad Debts: Connecticut.**

We decided to use debt figures at the time of joining GA for our calculations. However we considered that only those debts held by persons who declared bankruptcy would be considered social costs. Again, this was done to make the numbers very conservative, to make the numbers a rock-base number for analysis. Because of the very wide range of debts we used median numbers. The median debt was \$30,000 in Connecticut, or \$10,000 annualized. As 23% of the respondents indicated they had filed bankruptcies, the social debt cost was \$2,300.

**c-2. Bad Debts: Wisconsin.**

Of the median \$20,000 debt, 23% was held by gamblers who used bankruptcy courts. Annualized, this represents a social cost of \$1,533.

**d. Theft.**

The average theft of \$22,533 was annualized to a social cost of \$7,219 per gambler in Connecticut. In Wisconsin the average theft of \$5,738 was annualized to \$1,733.

**e-1. Civil Court Procedures: Connecticut.**

We considered that each court case cost society \$3,750 (Thompson, Gazel, & Rickman, 1996). This cost represents cost of public counsel (many gamblers will not have funds and so have benefit of public counsel), costs of judicial and other court personnel salaries, and court facilities. The \$3,750 figure is one-half the per case cost of operating the trial courts of the federal judiciary. There were 26 bankruptcy cases and 22 other civil cases in Connecticut, or 16 per year, at a total cost of \$60,000, or an individualized cost of \$536.

**e-2. Civil Proceedings: Wisconsin.**

There were 22 bankruptcies and 20 other civil cases generated by the gamblers in Wisconsin. This represented 14 per year at a cost of \$52,500 or \$535 per gambler.

**f-1. Criminal Justice: Connecticut.**

There were 48 criminal arrests in Connecticut, or 16 per year. We cost these out at \$500 each, or an annual cost of \$8,000 spread over the 112 for individualized annual costs of \$71. Forty-one trials (at \$3,750) cost \$153,750. Annualized and individualized, this amounted to social costs of \$458. Twenty were placed on probation at a cost each of \$5,600, assuming a two-year term at \$2,800. This total social cost of \$112,000 was individualized and annualized to a social cost of \$333.

Average incarceration time of .93 months was cost at a figure of \$1,800 per month or \$1,674 per gambler, and \$556 per gambler per year.

#### **f-2. Criminal Justice: Wisconsin.**

Twenty-two arrests, individualized and annualized produced social costs of \$38. Fourteen trials produced social costs of \$179. Eight cases of probation resulted in social costs of \$152. An average incarceration of .89 months cost \$534.

#### **g-1. Welfare Costs: Connecticut.**

Ten gamblers said they were receiving food stamps as a result of their gambling problems, and seven said they received other welfare. We put an annual cost of food stamps at \$2,000 a year and assumed that the gambler received them for all three years before treatment. This represented an annual cost of \$178. We apply the average AFDC cost of \$460 a month to the 7 on welfare as a result of gambling. Individualized, this represents a social cost of \$345.

#### **g-2. Welfare Costs: Wisconsin.**

Three food stamp recipients (because of gambling) represent a social cost of \$61. One AFDC represents a social cost of \$56.

#### **h-1. Treatment Costs: Connecticut.**

Seventy-three respondents indicated they had visited doctors for treatment of gambling problems, while ten had been hospitalized for this treatment. Across this group the average treatment cost was \$761. Annualized to the entire 112, this represents a cost of \$165. We considered only 69% or \$114 of this to be a social cost as that number of persons said the treatment was covered by insurance (The full amount would represent an economic cost to society, but we are only considering costs directly projected to other individuals).

#### **h-2. Treatment Costs: Wisconsin.**

Sixty-four respondents indicated they had undergone treatment at an average cost of \$2,626 each. Annualized and spread over the 98 this represents a cost of \$571. Two-thirds (66%) said this cost was covered by insurance. We determined the social cost therefore to be \$377.

## **Conclusion—Total Social Costs**

The above results are summarized and totaled on Table 5. Our analysis results in a determination that the social cost of a serious problem gambler in Connecticut is \$15,994 per year, while the costs of the Wisconsin gambler is \$8,681 per year (The Wisconsin figure represents a downward revision from the original cost study). These are costs that fall upon other people because an individual's gambling behavior is beyond his or her own control. The data presented illustrate

**The differences across categories are not great ones. However, to the extent they exist, we would suggest that they probably reflect the variations in the history and the culture of gambling in the two states.**

common patterns of costs in the two states. Over four-fifths of the variation in costs is represented by extra volumes of theft and bad debts in Connecticut. In turn, earlier data on the extent of gambling and the extent of indebtedness show why the problem gamblers in Connecticut would pursue funds in these ways somewhat more than do the Wisconsin gamblers. The longer expanse of time during which Connecticut players engaged in serious gambling may explain their heavier reliance on non-personal sources in order to sustain their gambling activity.

### **Discussion of Conclusions**

The differences across categories are not great ones. However, to the extent they exist, we would suggest that they probably reflect the variations in the history and the culture of gambling in the two states. Connecticut has a more established history of charitable gambling and lottery gambling which reaches back to the early 1970s. The lottery came to Wisconsin in the late 1980s. Connecticut endorsed horseracing and jai alai decades before Wisconsin turned to pari-mutuel betting. Connecticut established off-track betting; Wisconsin has not done so. Connecticut gamblers could avail themselves of Atlantic City casinos with a one-half day drive (or less) as soon as the casinos opened in 1978. Their own Native American casino opened in the early 1990s. Wisconsin gamblers did not have close access to full scale casino gambling until Native casinos in the state won compacts in 1992, and riverboats in nearby states began operation in 1991 and 1992.

Quite simply, Connecticut gambling markets are much more mature than those in Wisconsin, and even today they offer more forms of gambling that is much closer to large residential populations. Even today the casinos in Wisconsin remain, with but two exceptions, in the rural areas hours removed from Milwaukee and Madison. On the other hand almost all Connecticut residents live within an hour's drive of the world's largest casino at Ledyard.

The close fit in most categories suggests that the model set forth for analyzing the social costs of problem gambling may merit use in further studies, which, like the applications of prevalence studies, constantly call for a reaffirmation and a refinement of established results. In the future, it would also be beneficial to merge these cost studies with the economic cost studies by consciously separating out the social costs that fall upon fellow citizens in the community while not resulting in financial exports from the community, and the social costs which represent a clear economic loss to the community while also casting uninvited burdens on the non-gambling population.

**Table 5**  
**A Summary of the Annual Societal Costs of One Compulsive Gambler**

	Connecticut	Wisconsin
Employment Costs		
a. lost work hours	\$1770	\$1329
b. unemployment compensation	\$ 448	\$ 448
c. lost productivity/unemployment	\$1666	\$1666
Bad Debts	\$2300	\$1487
Thefts	\$7219	\$1733
Civil Court Costs	\$ 536	\$ 535
Criminal Justice Costs		
a. costs of arrests	\$ 71	\$ 38
b. costs of trials	\$ 458	\$ 179
c. costs of probation	\$ 333	\$ 152
e. costs of incarceration	\$ 556	\$ 534
Welfare Costs		
a. food stamps	\$ 178	\$ 61
b. aid to dependent children	\$ 345	\$ 56
Therapy	\$ 114	\$ 377
<b>TOTAL ANNUAL SOCIAL COSTS</b>		
<b><u>EACH COMPULSIVE GAMBLER</u></b>	<b><u>\$15994</u></b>	<b><u>\$8681</u></b>

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