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Loser-friendly casinos

By Leslie Bernal | April 12, 2010

BERNIE MADOFF picked the wrong line of work. Even though his Ponzi scheme eluded investigation for a long time, he would not be sitting in a North Carolina jail today if he had gone into casinos and lotteries — the most effective something-for-nothing scheme ever devised.

What other commercial venture besides a casino makes its money from the heavy financial losses of its clients? What other entity besides the Lottery is exempt from truth-in-advertising laws so it can deceptively dangle the prospect of life-changing riches?

And what other business would still be operating today if its core product was designed to get every user “to play to extinction” — until all their money is gone — by using technology that has been labeled a “high-tech version of loaded dice”? These observations are from research findings of Natasha Schull, associate professor in MIT’s Program in Science, Technology, and Society, who has testified three times before the Legislature.

As a gambling operator, Madoff would have evaded nearly all scrutiny because many well-intentioned people know almost nothing about the business practices behind casinos and lotteries, the “products” and “services” they offer, or the marketing behind all of it. They do not regularly visit casinos or frequently use the Lottery.

If they did, they would learn that casinos and lotteries are the most predatory business in America today. The business model is based on people who are addicted or heavily in debt, which explains why Harrah’s found that 90 percent of its gambling profits come from the financial losses of 10 percent of its visitors, according to Christina Binkley’s book, “Winner Takes All.” Matthew Sweeney, author of “The Lottery Wars,” found that in some states 70 percent of lottery sales comes from the financial losses of 10 percent of its users.

To make so much money from so few people, gambling operators rely on such practices as issuing loans to drunk patrons or using casino staff to act as “hosts” to lure out-of-control gamblers back into the casino after they have left. The Lottery pushes \$20 scratch tickets and speeds up its Keno games to every four minutes so people will lose more money at higher wagering amounts at faster speeds than ever before.

To keep the focus away from the real questions about how their business works, gambling interests have spent \$12 million in Massachusetts promoting a fictional “jobs, revenues, and inevitability” narrative over the last decade. If every legislator on Beacon Hill was outspent 5 to 1 during his or her campaign, never mind 500 to 1, nearly all of them would lose reelection regardless of their merit. Yet we allow casino operators to tout polling numbers as genuine evidence of public support, despite their incomparable spending advantage. The latest Globe poll showed casinos clinging to support from 52 percent of those polled. In the modern annals of political history, is there any other individual or group that has spent so much for so long with so little to show for it?

Even the prodigious spending of gambling interests, however, cannot hide the most revealing truth of all: this is a product or service that the people who own it and promote it do not use. Nearly every leader of the three constituencies who advocate for casinos and the Lottery — gambling operators, labor union officials, and political officeholders — has publicly acknowledged they rarely lose their own money in casinos or on Lottery tickets.

Yet they still push the “jobs” message. Bernie Madoff employed people and he produced a lot of revenue but who believes his kind of phony prosperity is the right direction for our state and for our country? After a decade of housing bubbles and financial speculation, the era of casino capitalism is over.

A vote for casinos is not a vote for jobs. A vote for casinos is a vote for a something-for-nothing scheme that veils the most cut-throat business in the country. But above all else, a vote for casinos is a vote about who we are as a people.

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