

# chapter seventeen

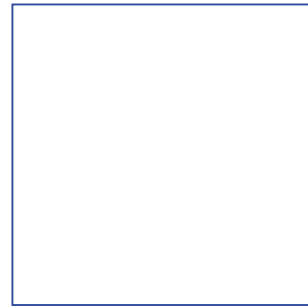
## Protecting the Vulnerable

### Introduction

- 17.1 In chapter 3 we explain briefly why our concern with problem gambling leads us to maintain some limits on the freedom of individuals to gamble how, where and when they wish and to proceed cautiously with the process of deregulation. This chapter provides a fuller justification for this approach. It is a very long and rather technical chapter and much of it will not be of interest to the casual reader. However we have assembled a great deal of information in the course of our Review and felt it would be useful to present it here primarily for reference. We must also emphasise here, as we do elsewhere in this Report, that problem gambling remains an under-researched phenomenon, and the research that has been undertaken does not produce much in the way of definite conclusions. Finally we should emphasise that the length of this chapter is not intended to imply that problem gambling is a major feature of gambling in the UK. According to the Prevalence Survey,<sup>1</sup> 1.2 % of those who gamble can be defined as problem gamblers. For the remainder it is an enjoyable and harmless activity.
- 17.2 To help the reader we start with a summary of the chapter's findings.
- 17.3 The terms of reference require us to have regard to the need to protect the young and vulnerable from exploitation. We take that as requiring us to identify the vulnerable or the conditions which are particularly likely to give rise to problem gambling in those who participate. The general conclusions of research are that problem gambling can arise from some combination of personal factors, the social and physical environment and the type of gambling activity.
- 17.4 The first section provides a general account of why people gamble and what they get out of it. The major part of the chapter, starting in Section 2, deals with problem gambling. It provides the widely accepted definition of problem gambling as *"gambling to a degree that compromises, disrupts or damages family, personal or recreational pursuits"*. It discusses the characteristics of problem gamblers. Although there is some evidence of a role for genetic factors, there does not seem to be a single personality type that produces a pre-disposition to problem gambling. Problem gamblers, like forms of gambling, come in many types. But most share the tendency to chase losses: to stake more and more in the attempt to remedy the loss. The Prevalence Survey suggests that problem gambling is associated with being male, having a parent with gambling problems

and being in the lowest income category. Young gamblers are particularly vulnerable.

- 17.5 As far as the social and physical environment is concerned it is well established that alcohol reduces inhibition. Evidence suggests that alcohol increases the likelihood that people will gamble, go on gambling or gamble more than they intended. We believe that these risks justify our conclusion that the opportunities to mix gambling and alcohol should not be increased. It has also been argued that computer-based machines are more likely to lead to problem gambling. This has influenced our proposals for the regulation of on-line gambling.
- 17.6 It is clear that some forms of gambling are more addictive than others. The more addictive forms involve a short interval between stake and payout, near misses, a combination of very high top prizes and frequent winning of small prizes, and suspension of judgement. We believe that gaming machines are potentially highly addictive and this conclusion together with the evidence about the vulnerability of the young, explains our proposals that access to gaming machines by children and adolescents should be more limited and more strictly controlled than at present.
- 17.7 A central question for us has been whether increasing the availability of gambling will lead to an increase in the prevalence of problem gambling. The weight of evidence suggests that it will do so. We therefore propose that deregulation proceeds cautiously and that it is accompanied by increased social responsibility by those who provide it.
- 17.8 We were asked to consider the social impact of gambling and the costs and benefits. The third section of the chapter discusses the costs and benefits. We describe the personal and social costs that have been identified and the monetary estimates of costs that have been produced elsewhere. The benefit of gambling is the recreational enjoyment that punters derive from it. They are willing to pay a price – in terms of losses – which supports the labour and capital allocated to the industry. We do not attempt to provide our own estimates and do not think that such an exercise would be useful. We do, however, have to judge as best we can what is the balance between the costs and benefits of our proposals. We believe that the benefits of providing greater freedom to the punter outweigh the costs that may be associated with increased availability of gambling.



## Section 1

### Why do people gamble?

- 17.9 Gambling can be represented as involving three main elements: the people who gamble, the social and physical environment in which the gambling takes place, and the gambling opportunities which are presented. Given the wide variation in all three elements, it is no surprise that no simple explanation can be given of why people gamble. Here we take each of the three elements in turn.

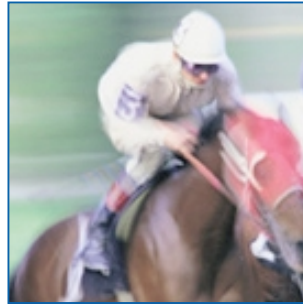
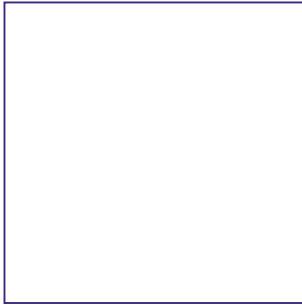
#### Personal Factors

- 17.10 A number of individual motivations have been cited which may lead people to gamble:<sup>2</sup>
- financial return (possibly life-transforming)
  - social interaction
  - excitement (including overcoming boredom)
  - intellectual challenge
  - pure leisure/relaxation
  - escapism
  - ability to identify oneself as a 'gambler' (with all its dashing and daring connotations.)
- 17.11 Some of these motivations are more appropriate for some forms of gambling (and for some age/peer groups) than others. They reinforce the point that for the majority of gamblers, gambling is perceived as a leisure activity on a par with any other. Charitable motives may play some part at least in participation in the National Lottery and other lotteries.
- 17.12 It is common for human beings to take risks. Risk-taking is reinforced by the emotional experiences that follow, such as relief from boredom, feelings of accomplishment and the "rush" associated with seeking excitement.<sup>3</sup>
- 17.13 There is also a strong competitive urge in gambling, whether this be against fellow punters or against institutions. The MORI poll conducted for the BISL Report revealed that, for some, gambling was undertaken as a test of strategy and skill. For those gamblers, the key motivators were: beating the big institutions, the competitive nature of the activity, winning the big prize, and applying their knowledge and skill.<sup>4</sup>
- 17.14 Trusting to chance in gambling terms appears to transcend any desire to want to take into account a realistic perception of what the odds are. The

possibility of winning a sufficiently large sum for it to effect a life changing experience seems to encourage a suspension of judgement in terms of making a balanced evaluation of the expenditure. The literature on gambling suggests that there is a suspension of belief while people gamble.

#### Social and Physical Environment

- 17.15 Gambling venues are diverse in nature, offering different types of experience, and thus may be attractive to different types of people for different reasons.
- 17.16 Casinos are usually thought of as glamorous places. We visited casinos in Great Britain which ranged from the spectacular to the ordinary. The enduring impression was of people involved in a quite solitary activity - concentrating without much communication with their fellow gamblers.
- 17.17 The Bingo Association suggests that bingo halls, especially in rural areas, are a useful community asset in providing somewhere warm, safe and sociable, particularly for older patrons. We visited a number of bingo clubs ranging from huge, recently purpose built premises, to a Grade 1 listed former theatre. The ONS survey showed that that bingo is most popular with young women and older women, and that was borne out by our own observations.
- 17.18 BALPPA, the trade association for seaside amusement arcades, has emphasised the fun and family nature of the activity its members operate. It suggests that children gambling in the company of their parents learn good gambling habits. BACTA has underscored the fact that people enjoy using gaming machines. Local authorities, which license amusement arcades, identified a seamier side associated with some of these places. They created the AAAG in 1982 to take united action on problems of loan sharking, paedophilia and prostitution. Many of these problems have since been reduced. Local authorities already have the power to impose blanket bans on amusement machines in non-arcade premises, and in 1993 (the latest statistics) over 100 of them had chosen to do so.<sup>5</sup>
- 17.19 The BBOA say that betting shops too provide a useful community service. They told us "banter in betting shops adds to the social event; it is part of British life; it keeps pensioners lucid due to mental exercise and provides a warm haven in winter".<sup>6</sup> Interestingly, the only reference to gambling in reports listed on the DSS website, appeared in a report on elderly people and their lifestyles. Betting shops appeared as a place where elderly men go to spend some time. Our visits to betting shops left us with the impression that betting was a fairly solitary activity.



**17.20** The atmosphere of a racecourse on a race day is a good example of the increased level of involvement with the activity that people feel if they are watching the event and betting on it. There is a strong sense of social occasion and we experienced that at horse racecourses and greyhound tracks.

### Types of gambling opportunities

**17.21** Gambling opportunities vary a great deal, from the “penny-pusher” machine to the high stake roulette wheel. Although the primary elements of stake, chance and payout are universal, secondary factors may vary greatly. These include such things as the length of time between stake and payout, opportunities for re-staking, the physical ease or difficulty of making the gamble, the real or apparent opportunity to use skill and the “glitz” of the table or machine.

**17.22** Although some people may be attracted to many different types of gambling, it is well documented that those who favour one form may have little interest in the others. A significant number of people, for example, play the National Lottery, but do not engage in any other form of gambling.<sup>7</sup> It may even be that a person is prepared to say, gamble on a fruit machine in one environment, but not in another.

**17.23** Research on social influences shows that people's behaviour typically conforms to that of others in the situation, particularly where behaviour is public and unambiguous. Adults as well as adolescents and children are influenced by their peers. If individuals are exposed to settings in which people gamble, then behavioural norms (what most people in the situation actually do) will influence their gambling attitudes and behaviour.<sup>8</sup> Thus the environments of, for example, casinos and arcades are likely to have a reinforcing effect on an individual's gambling activity, whereas buying lottery tickets in a newsagent's shop commonly would not.

## Section 2

### Why do some people gamble to excess?

**17.24** There can be many reasons for investigating problem gambling.<sup>9</sup> For example, each of the following may be a legitimate reason for wishing to identify particular groups:

- to identify those who have problems so severe that they are in immediate need of professional help

- to identify those especially at risk of developing severe problems, and to prevent this from happening. (This may include people who at present do not even gamble, such as the children of problem gamblers)
- as part of an exercise to determine the total economic and social costs and benefits of gambling as a whole.

These different goals may determine different ways of drawing the distinction between problem and non-problem gambling.

### What is problem gambling and how is it measured?

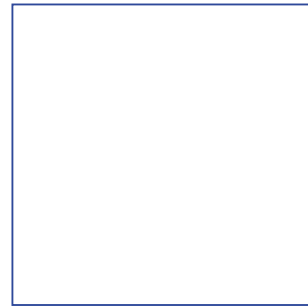
**17.25** The Prevalence Survey<sup>10</sup>, in common with much other literature, defines problem gambling as “gambling to a degree that compromises, disrupts or damages family, personal or recreational pursuits”. This defines problem gambling in terms of its effects, and is neutral on the question of whether problem gambling is an addiction. For our purposes, it is not important to know whether gambling can be an addiction in any strict sense. We shall, however, suggest that some forms of gambling are potentially more addictive than others, using the term in a popular, rather than a clinical sense. Professor Jeffrey Gray has produced a very helpful paper on the nature of addiction and this appears at Annex G.

**17.26** The definition in the Prevalence Survey highlights the fact that gambling can become problematic for people in a variety of ways. Gambling is not unique in its ability to cause problems of this nature; any obsessive pursuit of a hobby could have similar effects. However, gambling is distinctive in that:

- it allows individuals to get into very serious financial difficulties very quickly, and attempts to extricate oneself, by chasing losses, typically make the situation even worse
- the activity does not trigger its own termination by way of satiation (unlike biological rewards such as food etc) or limiting physiological reactions (unlike alcohol or drugs)
- an industry exists which promotes and profits from gambling opportunities and has an incentive to make its products as enticing as possible.

This is enough to make problem gambling of special concern.

**17.27** A number of different terms are used to describe problem gambling, which can make comparisons between different parts of the literature very



confusing. A discussion of the terminology and screening instruments is included in Annex H. Here we will follow the Prevalence Survey in using the term “problem gambler”. (Where we have referred to studies which have used different terminology, we have quoted the terms used in the studies.)

17.28 Problem gamblers typically exhibit many of the “moderate problems” and at least some of the “severe problems” identified in figure 17.i. (This diagram is reproduced from the Australian Productivity Commission Report.)<sup>11</sup>

### The nature of problem gamblers and problem gambling

17.29 We have explained that there are three elements to the decision to gamble: personal factors, social and physical environment and type of gambling opportunity. These elements may also be relevant in explaining why some people gamble to excess.

### Personal factors

17.30 Clinicians report that although money is important, male pathological gamblers often say they are seeking action, an aroused euphoric state that may be similar to the high from cocaine. Although there are other kinds of intense physiological reactions, clinicians also report that some pathological gamblers are less interested in the excitement or action and more interested in escape. They are seeking to numb themselves and report a quest for oblivion. These

reactions are reported by many women gamblers as well as many slot and video poker machine players. Many pathological gamblers report experiencing amnesiac episodes, trances, and dissociative states.

17.31 The literature suggests that, if there is one thing that problem gamblers have in common it is a tendency to chase losses: to stake more and more in the attempt to remedy the loss.<sup>14</sup> Beyond this, it is increasingly recognised that, just as there are many different types of gambling, there are many different types of problem gambler.<sup>15</sup> A high paid city trader who loses a fortune on sports betting may apparently have little in common with a young single mother gambling away her social security money on slot machines in a café.

### Who is vulnerable to becoming a problem gambler?

17.32 Assessment of an individual's liability to develop problem gambling under given conditions (e.g. specific type of gambling activity) would be greatly helped if one knew which, if any, personality factors contribute to such liability and the genetic, neurobiological and psychological mechanisms underlying their operation. There is some evidence of a genetic predisposition towards a range of forms of addictive behaviour.<sup>16</sup> (See also annex G). However, data in this area are as yet sparse and often contradictory. No clear picture has yet emerged of a type or types of personality specifically associated with problem gambling and considerable further research is necessary before any firm conclusions can be drawn.<sup>17</sup>



Figure 17.i: The gambling continuum

Source: BISL (2000)

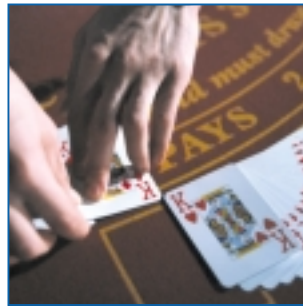
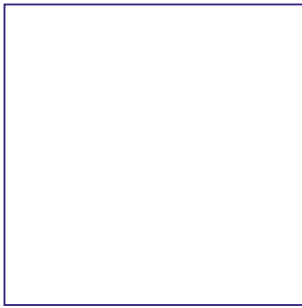
11-Productivity Commission (1999) para 6.20 12-National Research Council (1999) p28 & 125

'Brain Imaging studies: With evidence that gambling and drug abuse represent similar subsets of addictive behaviour' (Jacobs 1989 Gupta and Deverensky 1998), methods for detecting brain changes among substance abusers can be applied to pathological gamblers. In the mid 1980's Hickey and colleagues measured changes in mood state in gamblers as they simulated winning at gambling. The resultant euphoria was indistinguishable from that produced by psychoactive stimulants'.

13-National Research Council (1999) p29 14-Lesieur, H.R., (1984) 15-Griffiths, Mark in conversation; Elster, J.; Blaszczynski A.P (2000) 16-Comings et al (1997)

17-cf. Jacobs (1989); Lefevre (1990); Leary and Dickerson (1985); Vitaro et al. (1997); Blaszczynski et al. (1997); Toneatto (1999); Blaszczynski (1999) De Caria et al (1998)





## The risk factors

- 17.33** The Prevalence Survey states: *“analysis revealed that problem gambling was statistically associated with the following socio-demographic factors: being male, reporting that a parent was or had been a problem gambler, and being in the lowest income category. An additional factor, being separated or divorced, was significantly associated with being a “problem gambler” as measured by the SOGS (but not DSM-IV).”*<sup>18</sup> Men are much more likely to be problem gamblers than women. The Prevalence Survey gives a prevalence rate of 0.9% for men and 0.3% for women.
- 17.34** Research has also found a higher incidence of problem or excessive gambling among offenders. In a 1992 survey of young offenders, 12% of those asked were classified as excessive gamblers<sup>19</sup>. A study in 2000 was carried out among offenders on probation. 4.5% of respondents were identified as problem gamblers which is over six times the rate reported in the general population<sup>20</sup>. Disproportionate prevalence rates among those in prison have also been reported overseas. Further studies of problem gamblers indicate between one half to two thirds have criminal charges pending as a result of engaging in illegal activity to fund their gambling or pay off their debts.<sup>21</sup>
- 17.35** In their analysis of 120 prevalence surveys carried out between 1976 and 1996, Shaffer et al<sup>22</sup> argued that *“being young, male, in college, having psychiatric co-morbidity, or a history of anti-social behaviour are factors that represent meaningful risks for developing gambling-related problems.”* The recent surveys in New Zealand and Sweden suggest that those most at risk for gambling problems are the groups most disadvantaged and marginalised by economic changes: young, unemployed male members of minority ethnic groups. The results of several other studies, including recent prevalence surveys in Louisiana, Montana and Oregon, as well as the national survey in Australia, suggest that gambling problems are increasingly likely to affect women.

## Age

- 17.36** There are particular risks for young gamblers. The Prevalence Survey indicated that the proportion of problem gamblers among adolescents in Britain could be more than three times that of adults. 1.7% for the 16-24 age group against 0.5% for adults 25 and over<sup>23</sup>. This ratio is consistent with studies from abroad. Whether problem gambling in young people tends to follow a progressive course or whether many of them are involved in a short-term pattern of behaviour which does not persist are questions that have yet to be adequately addressed.

- 17.37** Gamblers Anonymous and GamCare told us that they had provided help for children with gambling problems. Gamblers Anonymous said that they had noticed a rise in the number of children aged 13 and upwards who were brought along by their parents because the child had a gambling problem.
- 17.38** Compared with drug and alcohol, rates of past year pathological and problem gambling combined among adolescents in the US are comparable to rates of monthly alcohol use among adolescents and with rates of adolescents ever having had a problem with alcohol.

## Why are children more vulnerable than adults

- 17.39** In her study of under age gambling,<sup>24</sup> Dr Sue Fisher says: *“Research shows that children who gamble are more likely than other children to come from home backgrounds where at least one parent is a regular gambler”*. Moreover, retrospective studies have shown that adults who are problem gamblers are significantly more likely than other people to have started gambling in childhood or adolescence and to have a parent/step-parent who is/was a problem gambler.
- 17.40** It is interesting to note that studies from many countries point out that adult problem gamblers have a high propensity to have started gambling in childhood or adolescence. However this does not allow us to conclude that if we remove the opportunity for children to engage in commercial gambling in the UK we will reduce the incidence of adult problem gambling. After all, this correlation exists overseas, where it is already illegal for children to take part in commercial gambling. Many of the examples cited are of gambling in the home, with parents and grandparents, or at school or university.
- 17.41** With regard to adolescent problem gamblers, Mark Griffiths says they are more likely to:
- be male
  - have begun gambling at an early age (as young as 8)
  - have had a big win earlier in their gambling careers
  - to chase losses consistently
  - have begun gambling with their parents or alone
  - be depressed before gambling
  - be excited and aroused during gambling
  - be irrational (i.e. have erroneous perceptions) during gambling



- have bad grades at school
- engage in other addictive behaviours
- come from the lower social classes
- have parents who have a gambling (or other addiction) problem
- have a history of delinquency
- steal money to fund their gambling
- truant from school to go gambling<sup>25</sup>

**17.42** We are persuaded by the weight of evidence that children and young people are especially vulnerable to the risks of becoming problem gamblers. This has led us to make recommendations that would reduce their opportunities to gamble, or to see others gambling.

### Social and physical environment

**17.43** Some research suggests that “having started gambling with parents or alone”, was a risk factor for underage gamblers. This contrasts with “having started gambling with peer group”. There is some evidence that peer group pressure can act as an inhibiting factor, censoring patterns of behaviour that other members of the group find foolish. This factor is also noted in the National Research Council’s Report on Pathological Gambling.<sup>26</sup> On the other hand, there are anecdotal claims that peer group pressure can draw people into problem gambling. Paul Bellringer claims that both mechanisms exist.<sup>27</sup> This seems broadly consistent with Mark Griffith’s suggestion that there is more than one type of adolescent problem gambler. We can distinguish what we might call the show-off, who would not gamble alone, and the withdrawn character who befriends the fruit machine. This has implications for solitary gambling, especially in relation to on-line gambling.

### Alcohol and gambling

**17.44** It is well established that alcohol reduces inhibition. This applies to all forms of behaviour, including gambling. Professor Orford told us there was a need for much more information about the link between alcohol and gambling, and that two types of study suggest there is a link. The first type consists of studies of gamblers and whether their gambling is influenced by drinking. The second type consists of studies asking drinkers about their gambling. There is circumstantial

evidence that when people have been drinking they are more likely to gamble, to go on gambling or to gamble more than they intended<sup>28</sup>. In a study of 500 heavy drinkers in Birmingham, 24% of men and 9% of women said yes to the question: “In the last year whilst or after drinking, have you gambled more than you would normally have done?”<sup>29</sup>

**17.45** Researchers have found that heavy alcohol use is highly associated with increased gambling spending and multiple gambling problems.<sup>30</sup> In a United States study of 4,000 adults,<sup>31</sup> problem gamblers were found to be at least three times as likely to meet criteria for depression, schizophrenia, alcoholism and anti-social personality disorders than non-gamblers.

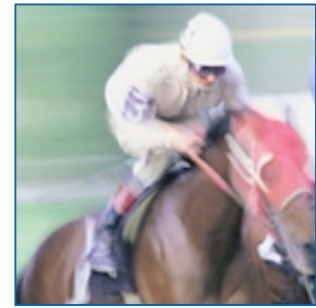
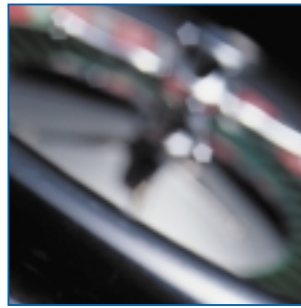
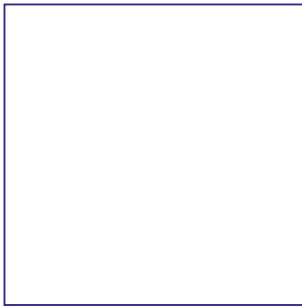
**17.46** The New Zealand Gambling Survey reported that recent studies of the effects of alcohol consumption on the gambling behaviour of regular continuous gamblers, underline the importance of examining alcohol intake patterns as predictor or risk factors for problem gambling in epidemiological studies. These studies found a link between acute alcohol intake and both increased duration of gambling and impaired control of gambling behaviour.<sup>32</sup> In both the Australian and New Zealand Gambling Surveys, strong associations were found between probable pathological gambling and hazardous use of alcohol.

**17.47** Whilst we recognise that there already exists a range of premises where alcohol and gambling co-exist, we think that there is adequate evidence of the risks involved for us to advocate that the opportunities to mix gambling and alcohol should not be increased.

### Technology

**17.48** Mark Griffiths and Sue Fisher have argued that computer-based game machines are more likely to lead to pathological gambling than any other form of gambling, because they can be designed and programmed to encourage frequent gambling better than other technologies.<sup>33</sup> Research suggests that distinctive types of gambling organisation and technology cause systematic changes in pathological gambling.<sup>34</sup> Dr Rachel Volberg has also expressed concern at the prospect of the introduction of even more rapid on-line forms of gambling.<sup>35</sup> As we have noted earlier, on-line gambling may pose particular risks for the type of adolescent problem gambler who gambles alone and is a withdrawn character who befriends the machine. The National Research Council report makes the point that, in evaluating the impact of

25-Griffiths & Wood (forthcoming) 26-National Research Council (1999) p.239 27-Bellringer (1999) 28-Baron & Dickerson (2000) and Giacopassi, Stitt & Vandiver (1998) 29-Orford, Dalton et al (1998) 30-Smart & Ferris (1996); Spunt et al (1995) and a review by Crockford and El-Guebaly (1998). The review found that rates of lifetime substance disorder among pathological gamblers in both community and clinical samples ranged from 25%-63% Cited in the National Research Council (1999) p.130 31-National Research Council (1999) p.129. Citing National Institute of Mental Health Epidemiological Catchment Area (ECA) study, a landmark of psychiatric disorders. 32-Baron & Dickerson (1998) and Kyndon & Dickerson (1998). Cited in the New Zealand Gambling Survey p.113 33-Fisher & Griffiths (1995). Cited in National Research Council (1999) p.255 34-Griffiths M (1999) Gambling Technologies: Prospects for Problem Gambling. Griffiths M (1995) Paper examines the concept of addiction, defines technological addictions and assesses whether technological addictions are bona fide addictions. 35-Volberg RA (2000)



technological change on pathological gambling, predictions cannot be made on technical features alone.<sup>36</sup>

- 17.49** On-line gambling has the potential to increase accessibility to gambling on an unprecedented scale. We consider it essential that it should be regulated according to the same principles as terrestrial gambling. We discuss this in chapter 30.

### What features make gambling addictive?

- 17.50** Some forms of gambling are more addictive than others. Mark Griffiths suggests that the following features are key:

- event frequency; i.e. short interval between stake and payout, allowing rapid restaking
- the “near miss”
- win-probability and pay-out ratio; i.e. the combination of a very high top prize and frequent winning of small prizes
- suspension of judgement, i.e.:
  - where the total money staked in a period is paid over in many trivial amounts, creating the illusion that little money has been staked; and
  - belief that one can control or influence odds through the exercise or perceived exercise of skill.

- 17.51** Just as a distinction is made between hard and soft drugs it is also commonplace to make a distinction between hard and soft gambling. Casino table games are the paradigm of hard gambling, and perhaps the National Lottery is the paradigm of soft gambling. This terminology is problematic in that there are two key differences between casino table games and the National Lottery:

- casino table games often allow people to run considerable financial risk in a very short period of time, whereas this is rarely the case for the National Lottery
- casino table games allow rapid re-staking, and thus the constant opportunity to recycle wins and chase losses. This is patently not so with a weekly National Lottery.

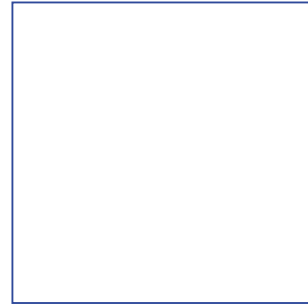
- 17.52** However, it is quite possible to have one of these features without the other. For example, low stake/low prize gaming machines allow rapid re-staking, but, for most adults, no chance of rapid financial ruin. The question then is whether this should be considered a hard or soft form of gambling.

- 17.53** It has been suggested by researchers that any form of gambling which allows rapid re-staking is potentially very addictive (at least in combination with other design features). This would include casino table games, slot machines and scratchcards. Betting on horses and dogs share many of these features. These features arise from the basic psychology of reward/reinforcement, common at least to all mammals and birds, and the gambling industry is particularly adept at exploiting them. This is the reason why anyone who partakes in these forms of gambling is running the risk of becoming addicted in the behavioural sense of doing the same thing over and over again.

- 17.54** It has been put to us that any gambling opportunities with these features, and thus even low-stake gaming machines, should be considered hard gambling. One suggestion is that hard gambling is gambling which involves significant risk either of great loss of money or great loss of time. Thus any gambling opportunity which is potentially addictive also becomes “hard”, on such a definition. Some within the industry find this way of using the terminology hard to accept.

- 17.55** We are reluctant to try to redefine existing terminology, inadequate though it seems. Elsewhere in this report, the term “hard gambling” is used to mean gambling which involves high or rapid staking. This is the generally accepted sense of the term which was used by the Rothschild Commission in 1978. However, for the purposes of this chapter, we shall avoid the unhelpful hard/soft distinction, and refer to some forms of gambling as high-stake (recognising that this must be relative to each individual's resources) and others as potentially addictive. Casino table games will typically be both, the weekly National Lottery neither, and gaming machines potentially addictive but not currently high stake for most adults (although they may be for children). Scratchcards are another example of a potentially very addictive product, which currently may be purchased at the age of 16 (although there is, as yet, little firm evidence that they are giving rise to the anticipated level of problems). If the National Lottery were to be repeated often enough it would become potentially addictive. Theoretically there could also be high stake betting which is not potentially addictive, but examples may be controversial. In this chapter we are especially interested in the problems associated with potentially addictive gambling.

- 17.56** In seeking to understand the link between problem gambling and particular types of gambling we discovered that there has been little research on problem gambling, either in general or in its varieties in this country (Sue Fisher's casino study is one exception).<sup>38</sup> A great deal more research on problem



gambling has been done in the United States and Australia. It is difficult to draw precise parallels from studies of problem gambling conducted in those countries, as they present different gambling opportunities from those available in Great Britain. However, there are fundamental principles governing human behaviour, and we believe we can draw reasonable conclusions about the relevance of features which appear to cause problem gambling in other countries.

- 17.57** Some investigations suggest that a growing proportion of individuals with gambling difficulties prefer to bet on gaming machines and their difficulties develop far more quickly than in the past.<sup>39</sup> The media and some clinicians have even labelled gaming machines the “crack cocaine” of gambling.<sup>40</sup>
- 17.58** In the Australian and New Zealand surveys, respondent preferences for gaming machines, track betting and casino gambling (which also includes machines) are consistently associated with problem gambling. These findings parallel those from problem gambling treatment services in both countries.<sup>41</sup> The recent Swedish gambling prevalence study<sup>42</sup> found that the highest prevalence of problem gambling was associated with arcade machines, cards and restaurant casinos. The British Prevalence Survey associates the highest percentages of problem gambling with table games in a casino, betting and fruit machines. GamCare has noted that in excess of 50% of calls to its helpline concern problem gambling on fruit machines.
- 17.59** The question of the impact of gaming machines on the evolution of problem gambling is especially salient because of the growing reliance of the gaming industries on these devices. Depending on the jurisdiction, these machines can be located in casinos, social clubs, bars, restaurants, amusement arcades, take-away food shops and many other places. Gaming machines appeal to young people familiar with video games played on computers at home and school. Recent data from surveys in the United States indicate that internet gambling may quickly overtake gaming machines as the fastest growing segment of the international gambling market.<sup>43</sup>
- 17.60** Nationwide prevalence surveys have indicated strong gender differences, with men far more likely to be problem gamblers than women. However, in jurisdictions where electronic gaming machines are widespread, such as Montana, Oregon and South Dakota, prevalence studies show that problem gamblers are just as likely to be women as men.<sup>44</sup> In Queensland, Victoria and South Australia, where

gaming machines are widely distributed in clubs, hotels and casinos, there are similar numbers of men and women seeking treatment from problem gambling treatment services.<sup>45</sup>

- 17.61** We believe that there is sufficient evidence to show that gaming machines are potentially highly addictive and pose problems on a par with casino gaming and betting. That has led us to make recommendations about access to gaming machines by under 18s. This is discussed in chapter 23.

### The risks of increasing availability/ accessibility

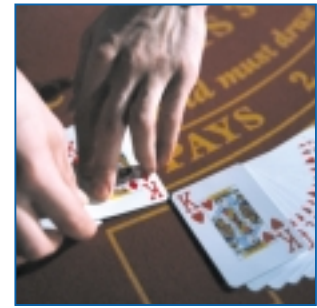
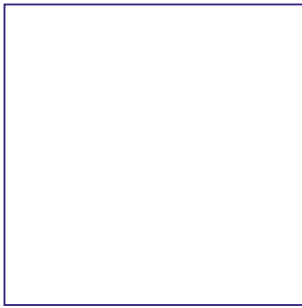
- 17.62** Researchers and clinicians have long argued that the increased availability of gambling leads to increases in the prevalence of gambling problems. It is generally acknowledged in submissions to us that widening the availability of gambling may lead to increasing prevalence of problem gambling. Although some submissions claim that it is possible to increase the availability of gambling without increasing problem gambling, the weight of the evidence is the other way. Sue Fisher's studies of adolescent gambling show higher rates of problem gambling in seaside towns, where access to commercial gambling is far easier for children. However, correlation does not establish causation, and more sophisticated research is required to tease out the relationships and allow stronger causal inferences to be made.
- 17.63** There are a number of North American jurisdictions where repeat surveys of problem gambling have been carried out. Some of these comparative studies suggest a linkage between increased availability of gambling and the prevalence of problem gambling.<sup>46</sup> A small number of studies have not found an increase in problem gambling following increasing availability, and in some cases prevalence has actually decreased. However, where this has been observed there are typically strong systems in place to provide problem gambling services.<sup>47</sup> This has implications for the role which treatment services might play in limiting problem gambling and we refer to it again in chapter 32.

### The prevalence of problem gambling

- 17.64** The evidence on the prevalence of problem gambling may cast further light on its causes. The Prevalence Survey suggests that between 0.6 and 0.8 per cent of the adult population are problem gamblers. The prevalence of problem gambling in Britain appears to

39-Abbott & Volberg (1992); Abbott, Sullivan, & McAvoy (1994) 40-Bulkeley (1992). Cited in the New Zealand Gaming survey, p.109 41-Abbott et al 1994; Dickerson, McMillen, Hallebone et al, 1997; Cited in the New Zealand Gaming survey p109. 42-Ronnenberg et al (1999) 43-Volberg R (2001) 44-New Zealand Gaming survey p109 (cited Polzin et al 1998; Volberg 1997; Volberg & Stuefen 1994) 45-New Zealand Gaming survey p109 (cited Dickerson, McMillen, Hallebone et al 1997) 46-Emerson & Laudergeran (1996) and Volberg (1995) cited in the New Zealand Gaming Survey; Volberg R. (1996) cited in the New Zealand Gaming Survey: Gambling and problem gambling in the community p108 47-Volberg R (2001) 48-Sproston, Erens & Orford (2000)





be relatively low compared with other countries which have used similar screening methods: Australia (2.3%), the United States (1.1%), New Zealand (1.2%) and Spain (1.4%)<sup>48</sup>.

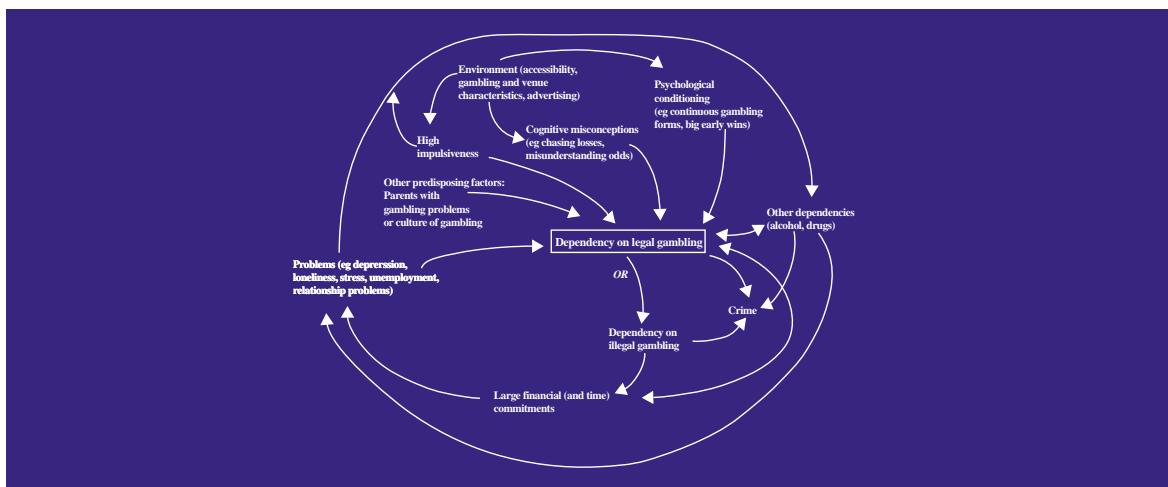
**17.65** The little evidence we have indicates that the rate of problem gambling tends to vary with the type of gambling opportunities available, and their proliferation, rather than with the percentage of the population who participate in gambling. For example, in Sweden, where there is 89% participation rate but the prevalence rate is 0.6%, there are no dog racetracks, no off-track betting (although there is sports pool betting) and at the time of the survey, no casinos. In the United States a recent study estimated that 63% of adults had gambled in the past year<sup>49</sup>. In New Zealand the participation rate is estimated to be 90%,<sup>50</sup> and in Australia 82%.<sup>51</sup>

**17.66** The Australian Productivity Commission concluded that, while problem gambling may in some cases be precipitated by prior conditions or problems, many of the harms experienced by problem gamblers can be traced to gambling itself. *“Literature on problem gambling shows that while prior problems can precipitate problem gambling for some people, there are many pathways which go the other way. In some cases the problems stem from behaviour conditioned by the nature of the rewards offered by gambling. In others, problems stem from the misconceptions about the chances of winning or recouping losses. In yet others, the problems occur because of boredom, social isolation, depression or cultural factors. What seems clear, is that for those for whom prior problems or disorders are contributory factors, gambling appears to exacerbate their problems in ways that would be hard to achieve through alternative outlets (alcohol and drug abuse being the exceptions.)”* The Australian Productivity Commission report produced a very helpful diagram to

illustrate the causal pathways of problem gambling. This is reproduced at figure 17.ii.<sup>52</sup>

**17.67** It is universally acknowledged that some gamblers have problems of the kind outlined above. They exhibit behavioural signs of addiction and their lives are severely disrupted. However, it is sometimes said that these are not so much problem gamblers, but “people with problems who gamble”. Here the thought is that people may find themselves expressing their problems through gambling, but if gambling were not possible they would express their problems some other way. The presence of other problems, “the co-morbidities”, is sometimes cited as evidence for this, or for the more cautious claim that observing a relation between gambling and problems does not show that gambling causes the problems: some people are prone to problems. This is said both about adult and under-age problem gambling. It is true that observing a relation between gambling and problems shows nothing about causation.

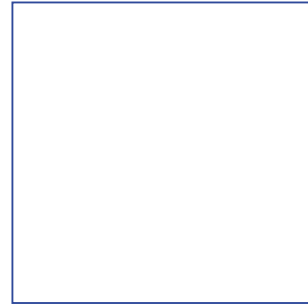
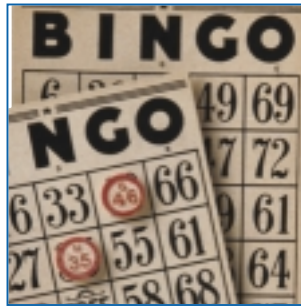
**17.68** However, there is no doubt that the gambling industry can profit from the existence of problem gamblers. In the Australian Productivity Commission Report it is claimed that a third of the industry's total revenue comes from problem gamblers. On this basis the industry might well not be profitable if it were not for problem gamblers. It is not clear, however, whether this also applies to Great Britain. In general, figures of this nature have not been collected. However, Sue Fisher's study on Gambling and Problem among Casino Patrons<sup>53</sup> indicates that 65% of the turnover of the casinos she studied was generated by 7% of gamblers. That study excluded London casinos at the top end of the market, because it is recognised that they attract especially high-rolling clients.



Source: BISL (2000)

Figures 17.ii: Causal pathways of problem gambling

48-Sproston, Erens & Orford (2000) 49-Gerstein et al (1999) 50-Policy Research Unit, New Zealand Department of Internal Affairs (1995) 51-Productivity Commission (1999) 52-Productivity Commission (1999) Exec Summary p.28 53-Fisher S. (1996)



17.69 We have heard suggestions to the effect that the British problem gambling rate is low in terms of international comparison, because it is characteristically British to gamble responsibly. We do not think that this assumption has any basis in fact. With the exception of the National Lottery, the opportunities to gamble have been limited by the concept of “unstimulated demand”. Given the findings of research which has taken place in other countries, where the opportunities have been considerably expanded, there is a risk that problem gambling could increase as we move away from the current regulatory framework and increase availability. That has led us to suggest that a duty of social responsibility should be formally incorporated into the regulation of the industry, and that there should be a safety net of education and treatment based upon appropriate research.

## Section 3 Individual and social costs of problem gambling

### The nature of the costs of problem gambling

17.70 Given the definition of problem gambling it is no surprise to find that adult problem gamblers are claimed to suffer the following effects (to a greater degree than non-problem gamblers):<sup>54</sup>

- job loss
- absenteeism
- poor work/study performance
- stress
- depression and anxiety
- suicide
- poor health
- financial hardship
- debts
- assets losses
- exposure to loan sharks

- bankruptcy
- resorting to theft
- imprisonment
- neglect of family
- impacts on others
- relationship breakdown
- domestic or other violence
- burdens on charities
- burdens on the public purse

17.71 The costs of problem gambling have been put to us by individual former problem gamblers from Gamblers Anonymous and Gordon House. They have described how the need to find money to feed the compulsion to gamble overrode loyalty to family, colleagues and employers. Written submissions from GamCare, Gordon House and GamAnon largely corroborate these claims in the UK context.

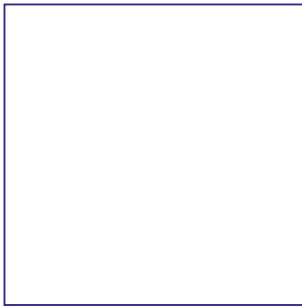
17.72 The effects spill over into costs for society through recourse to health and social services and the criminal justice system. We have been able to find little reference to research in the UK into the cost implications of problem gambling for society, and have had to rely on data from overseas research.

17.73 Our remit requires us to consider the social impact of gambling and the costs and benefits. The Departments of Health and Social Security have no information about the costs and treatment of problem gambling, and do not appear to recognise problem gambling as a health issue. This is a point which concerns the charities dealing with problem gambling and the psychologists who have given evidence to us.

### Difficulties in identifying the costs of problem gambling

17.74 One difficulty in drawing conclusions about the costs implied by these statistics is that research indicates that problem gamblers tend to have other psychological or biological traits, which create a complex web from which it is difficult to disentangle the effects attributable to problem gambling.

17.75 Research found that there was higher correlation between gambling and at least one other impulse



control disorder in a group of pathological gamblers in treatment, than in a control group from the community.<sup>55</sup> The essential feature of an impulse control disorder as defined by DSM-IV is "the failure to resist an impulse, drive or temptation to perform an act that is harmful to the person or to others".<sup>56</sup> Alcoholism and drug abuse are examples. The finding that the incidence of anti-social behaviours and a history of criminal offences among pathological gamblers also suggests tendencies to disinhibited behaviour.<sup>57</sup> Research suggests that disinhibited behaviour also relates to the risk of alcoholism. The presence of this trait may contribute to the high rate of alcoholism, estimated to be 33% among pathological gamblers.<sup>58</sup> Some financial problems may not therefore be attributable to pathological gambling, but to alcoholism. The cost may represent a transfer from one problem category to another. The question that should be asked is perhaps, how much more debt is incurred because of problem gambling, rather than how much debt do problem gamblers incur.

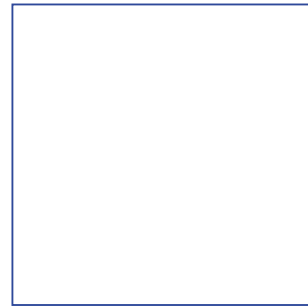
### Costing the effects of problem gambling

- 17.76** Researchers in other countries have attempted to put a financial figure on the costs of problem gambling. The literature is a frustrating read; there is no shared methodology, estimates vary widely and are full of controversial assumptions.<sup>59</sup> However, by its nature this is a dubious exercise, at least in the present context, for the following reasons. Many costs of problem gambling are qualitative rather than financial: divorce, depression, unhappiness, attempted suicide, and so on. Although all of these may involve some financial cost, this is secondary to the non-financial costs in most cases. Attempting to put a cash value on such costs has no firm basis, and is a way of losing important information. These costs are more accurately given in descriptive terms.
- 17.77** Even if it were possible to translate all costs into financial terms, this would only be of interest to a cost/benefit analysis of gambling. Such analyses have been used in the context of making decisions in the United States and Australia about the creation of resort casinos. But that is not the point of our exercise. Rather we need to try to understand how possible changes will lead to future costs, and to try to identify and suggest strategies for mitigating present and future costs. There is no need to try to put a single total cost figure on problem gambling. However, we do understand that there may be a need to put a marginal

cost figure for each additional problem gambler to see if the benefits of changes outweigh the costs, and to provide some ball park figure of the costs of the existing number of problem gamblers.

- 17.78** It is said that we need to put a cost on problem gambling so that we know whether spending money to treat problem gamblers represents good value. Thus in its evidence to us, Gordon House (which offers residential treatment for problem gamblers) pointed out some figures which it suggests show that it is worth spending money on the treatment regime it provides (which costs approximately £5,772 for a 6 month therapy programme per problem gambler). However, its calculation of the costs of problem gambling (ranging from just over £6,000 to £35,000 per problem gambler per year) is not based on research in the UK and must be treated with extreme caution.
- 17.79** It is useful for illustrative purposes to show the range of costs which researchers have produced. We must emphasise that none of this research has been carried out in the UK, and therefore it is not possible to draw direct comparisons because of differences between jurisdictions in the provision of social and health services and the civil and criminal justice systems.
- 17.80** One widely cited recent study from the U.S. by Thompson et al 1996<sup>60</sup>, gave a figure of US\$9,469 (£6,312) per problem gambler per year and a total cost of US\$307 million (£204.6 million) per year in Wisconsin alone. The cost element for therapy was calculated at US\$360 (£240) per problem gambler per year. The Thompson study used information from 98 Gamblers Anonymous 'Chapters' and focused on employment costs, bad debt, civil court costs, thefts, criminal justice system costs, therapy costs and welfare costs.
- 17.82** Other studies in the U.S. have produced higher figures, ranging from £8,800 to £35,300 per problem gambler per year.<sup>61</sup> Conversely, the NORC report produced a much lower range of £373 to £700 per probable pathological gambler per year.<sup>62</sup> These figures excluded 'transfer costs' – costs that represent a shifting of resources from one individual to another, such as bankruptcy, unemployment insurance and welfare benefits. They also excluded the cost of treatment (estimated in the NORC report to be in the region of £600 per problem gambler.) These massive variations in figures simply reflect the different

55-Specker et al (1996) found that a significantly higher proportion of pathological gamblers had at least one other impulse control disorder 35% versus 3.3%. Cited in National Research Council (1999) p.33 56-The American Psychiatric Association (1994) classifies pathological gambling as one of 5 different impulse disorders under a category called 'Impulse control Disorders Not Elsewhere classified'. Cited in the National Research Council (1999) p.31. 57-National Research Council (1999) p.33 58-National Research Council (1999) p.34 59-For an example see 'The Social costs of Gambling:An Economic Perspective' Douglas M Walker and A H Barnett, Journal of Gambling Studies (2000) 60-Thompson, Gazel & Rickman (1996) 61-Goodman £8,800; Grinols & Ormerov £10,000 - £22,300 and Kindt £35,300 per problem gambler per year. Goodman R. 1995; Grinols E.L. & Ormerov 1996 and Kindt J.W. 1994;1995 all cited in Walker D.M. & Barnett A.H. 1999 The Social Costs of Gambling:An Economic Perspective. 62-National Opinion Research Center, Report to the National Gambling Impact Study Commission (1999) Chapter 3 Table 19



underlying methodologies of the studies, such as the way in which factors such as health, family and work problems are translated into cash terms. In her evidence to the Gambling Review Body, Dr Rachel Volberg estimates that problem gamblers cost around £2.6 billion per year in the US.<sup>63</sup> If 'transfer costs' and treatment costs are included, this sum rises to £6.6 billion a year for an estimated 5.4 million problem and pathological gamblers.<sup>64</sup>

- 17.83** There is no question that problem gambling imposes economic and social costs. Similarly, legalised gambling has brought economic benefits in the form of employment, income, increased tax revenue, and recreational opportunities. The task of drawing up a balance sheet between the costs and benefits of gambling has been tried not only in Australia, but also in several US states, and the balance has generally been in favour of the industry.<sup>65</sup>
- 17.84** Since we have no data on cost/benefit analyses in the UK, the best impression of costs we can give is by drawing on research from abroad. As we have shown, the range of costs per problem gambler covers a broad financial spectrum. The NORC report provides the lowest estimate (of £373 per probable pathological gambler) and the Kindt study the highest estimate (of £35,300 per pathological gambler.) If we apply these costs to the number of problem gamblers in Britain (estimated by the Prevalence Survey to be between 275,000 and 370,000 people) the annual cost

of problem gambling in Britain would lie between £100 million and £13 billion.

- 17.85** As has been noted, we are sceptical about many of these attempts to put a quantitative figure on the costs of problem gambling. It is clear, however, that for those people who become problem gamblers, and their families, problem gambling can cause extreme misery and distress. Whatever the results of the financial cost/benefit analysis for providing treatment for problem gamblers, we must remember that the personal costs of problem gambling are considerable.
- 17.86** In the Thompson study, the cost element for therapy per problem gambler was calculated to be US\$360 (£240). Clearly this will vary according to treatment regime and other factors including the severity of the individual's problem – the more severe the difficulties, the harder it is to complete treatment successfully, avoid relapse etc. However, given that GamCare, the current main provider of UK gambling counselling services, has an annual income of £350,000, the spend per problem gambler by GamCare is around £1 per problem gambler per year. We also note that GamCare is funded as a charity. There is virtually no public money spent on the treatment of problem gambling in the UK. In comparison with the estimated cost of therapy in the US, the current spend per gambler in the UK looks both absurd and paltry. Our recommendations on the treatment and funding of treatment for problem gambling appear in chapter 32 of this report.