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When Gambling Calls the Shots

By Theodore Kulongoski and Peter Bragdon

SALEM, Ore.— Imagine the public outrage if state governments began to rely heavily on liquor sales to pay for vital programs, raising revenue by encouraging people to drink more and even advertising new alcoholic concoctions on billboards.

Yet the public is strangely quiet when it comes to the aggressive promotion of and fiscal reliance on gambling, which, like drinking, may be harmless for most but is a severe problem for others.

States are increasingly using gambling to raise revenue. Last year, nationwide lottery sales hit \$31.9 billion, up from \$9 billion in 1985, and from them the 37 states running the lottery games added \$11 billion to their coffers.

In Oregon, we are paying a price for our heavy dependence on gambling. Our 12-year-old lottery has helped create a rapidly expanding betting market in which gambling drives public policy, not the other way around. There are social costs, too, but we haven't assessed them because we failed to conduct any studies. A state task force has now recommended that we create an independent gambling council to help us make better decisions than we did a dozen years ago. Until then, perhaps other states can learn from our mistakes.

Last year, Oregon ranked sixth in the world in per capita wagering on lottery games. Besides "scratch" tickets and biweekly drawings, we use keno, sports betting and, most lucrative of all, video poker, introduced in 1992 and now in 1,800 bars and taverns.

Together, these games are expected to provide nearly \$753.5 million, or about 9 percent, of our current \$8.5 billion general budget. Only the personal income tax brings in more money. Last year, when officials realized that gambling revenues might be short by about \$80 million, there was much hand-wringing about how to entice more Oregonians into betting on state games.

By now, Oregon officials know they can raise a lot of money simply by making their gambling operations more attractive or easier to use: by improving the visual appeal of a video poker game, for example, or speeding up the turnaround time of a video game to accommodate more bets in a shorter period.

The state's success in gambling has, in turn, spurred growing competition from the private sector. Oregon now has more forms of legalized gambling, state and private, than almost any other state.

Under the law, Oregon's nine federally recognized Indian tribes can offer forms of gambling already permitted by state law. In other words, when Oregon began to run video lottery games in taverns, it meant that Indian tribes could build casinos with hundreds of these machines. With six such casinos operating, Oregon now has a bad case of what is being called "level playing field syndrome," something akin to an arms race.

The state lottery and its retailers say that to compete with the private Indian-run casinos they must create better video gambling games. The race tracks, already annoyed by state lottery competition, complain that the lottery's new games will kill parimutuel wagering unless tracks are allowed to have card rooms and more than just a few of the state lottery machines.

Indian officials counter that if race tracks get the video betting games, it will cut into their operations and spur some tribes to add even more betting games. Bingo operators, in turn, insist that they need higher prize ceilings to compete with all of this.

Oregonians now joke that the Legislature should establish a Level Playing Field Committee to get ready for an endless stream of bills aimed at satisfying each segment of the gambling market. The truth is, any state that depends heavily on gambling for revenue will find itself under pressure to increase gambling.

Meanwhile, we have learned almost nothing about the social impact of all this. Oregon's video lottery games are thought to be particularly addictive, but until now the state has never tried to find out how many people are hooked. The Attorney General's office has heard from people who have squandered family resources, gone bankrupt or robbed their employers to get money to play. And the number of Gamblers Anonymous meetings in Oregon has grown to 34 per week, up from 3 a week before the gambling explosion.

The lack of information on these kinds of problems allows those who oppose gambling altogether to predict that parts of Oregon will soon resemble Atlantic City or be overrun by criminals and casinos preying on citizens. At the same time, proponents of even more gambling are able to dismiss any social concerns as unfounded. They look at the gambling revenues and point to the beneficiaries: schools, the environment, economic development. Gambling, they say, is good for schools. (Imagine if we said that liquor is "good," because we used it to finance kindergartens.)

Right now, we in Oregon do not know if we have created a monster. Nor do we know the real cost of state-run gambling, social and economic.

But we know we are going to pay the price. States that rush to raise revenues from gambling without thinking more than we did are playing a potentially addictive game of chance.