

The State of Compulsive Gambling in Michigan

A Literature Review Prepared for the Michigan Bureau of State Lottery

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A French proverb states, "There are two great pleasures in gambling: that of winning and that of losing." George Washington, though known to gamble, did not fully share those sentiments. He once said gambling "is the child of avarice, the brother of iniquity, and the father of mischief." Those perspectives (*The Columbia Dictionary of Quotations*, 1993) give some insight into the dual nature of gambling, bringing both pleasure and pain, that has made gambling controversial and keeps it before us today as a major societal concern.

This report summarizes literature on this important topic. We conducted this review as a first step in our study of compulsive gambling, the primary purpose of which is to provide a status report on gambling and compulsive gambling in the state of Michigan. Information gained through this review has helped us to better understand the nature and magnitude of gambling and problems that surround it (nationally and in Michigan) and has provided substantial practical guidance in development of survey instruments and procedures.

The Literature Review Process

We began the literature review process in the newest and most fashionable way (i.e., by searching for information on gambling on the Internet's World Wide Web). We immediately ran into substantial hurdles. The number of citations (home pages) listed was enormous (e.g., 10,000 for a single keyword search), and many, if not most of the citations were not pertinent to our study's intended purposes. The large number of citations, the paucity of pertinent studies currently available on the Web, and the difficulty of searching the mass of materials to identify those pertinent to our needs caused us to return to more traditional modes.

We checked two preliminary sources, *ERIC* and *PSYCINFO*, available at Western Michigan University's Waldo Library. Both provide citations of published studies by keyword. For example, *PSYCINFO* lists over 900 references for the keyword gambling. Of the 2, *PSYCINFO* provided the best list of sources. We narrowed the search in *PSYCINFO* by using several keyword combinations with the following results¹:

<u>Keywords</u>	<u>Documents</u>
Gambling and Prevalence	37
Gambling and Profile	13
Gambling and Pathological	347

Periodical titles and abstracts provided a first cut of articles retained for review. Reference lists in those articles in turn led us to additional documents and key persons (Dr. Henry Lesieur, Dr. Rachel Volberg, and Dr. William Thompson) who have conducted previous studies on the prevalence and characteristics of compulsive gambling. Dr. Lesieur collaborated in the development of the South Oaks Gambling Screen (SOGS), the primary instrument used in most research on gambling, and has actively investigated the effects of gambling on gamblers and society. Dr. Volberg has been a primary or contributing researcher in a majority of the statewide studies conducted in the past 10 years. Dr. Thompson has collaborated in several state studies of gambling, but is noted primarily for his work regarding casinos. All three were contacted to elicit additional studies and unpublished (fugitive) findings on the topic.

The result of the search process was a small but coherent set of research studies and essays on gambling and pathological gambling. These documents show some consistent patterns and raise a number of important issues. Only in the final stages of the literature review, in the cleaning up of numerous details, did we return to the World Wide Web to gather additional supporting information.

Organization of the Report

We have organized the findings of the literature review to answer three general questions:

1. *What are the gambling trends nationally and in the state of Michigan?* To answer this question we provide a brief overview of the explosive growth of gambling in the United States and Michigan, a growing awareness of attendant problems, and states' preliminary actions to better understand and address these problems.
2. *What are the characteristics of gambling and compulsive gambling?*
 - C We distinguish between gambling and compulsive gambling and briefly chronicle psychiatrists' and researchers' attempts to specify diagnostic criteria (symptoms) for persons afflicted with the compulsion to gamble.
 - C We show the results of studies in other states regarding the prevalence of gambling and the extent of problem gambling.
 - C We describe the characteristics of compulsive gambling both in terms of the impact on compulsive gamblers and on society.
3. *How good are the completed prevalence studies of gambling and compulsive gambling?* Here we analyzed the studies themselves to assess the quality of their methods and to determine the extent to which those methods affect (facilitate or impede) our understanding and conclusions about gambling and compulsive gambling. This section is divided into four parts: variable definitions, instrumentation, sampling procedures, and data analysis.

After responding to the three questions, we provide a summary and conclusions.

During the twentieth century gambling has been a closely regulated industry and severely limited in most states of the U.S. In fact, during most of this century Nevada was the

What Are the Gambling Trends?

A National Perspective

only state that actively promoted a wide array of legal gambling options. As late as 1973 Nevada was still the only state with legal casinos. Since then, though gambling continues to be closely regulated, the availability of legalized gambling has expanded explosively.

Certainly, the reasons for the tremendous growth in gambling opportunities are varied, but state sanctioning of gambling, which has been occurring steadily for the past 30 years, is a major factor. States appear to have moved in this direction in order to increase state revenues without increasing state taxes, thereby enabling them to support programs otherwise viewed as essential but unaffordable.

Gambling in America (1976), prepared by the federal Commission on the Review of the National Policy Toward Gambling and published by the Government Printing Office, is a major resource on personal, state, and federal gambling practices; patterns; revenues; and attitudes. It reports what it calls a phenomenal growth in gambling during the 15-year period, from 1960 to 1974:

- C Americans' annual wagers increased from \$5 billion to more than \$17 billion, an increase of more than 340 percent (p. 77).
- C Six additional states legalized pari-mutuel gambling, bringing the total number of states with pari-mutuel betting to 32.
- C Nevada, the only state with casinos, had increased its revenue by almost 600 percent from \$200 million to more than \$1 billion.
- C Several forms of gambling were legalized for the first time, including the lottery (the first state to legalize it was New Hampshire in 1964), parimutuel off-track betting (New York), and New Jersey's numbers game.

Gambling in America identified 8 major types of gambling in 1976: lotteries, numbers, bingo, racing (horse and dog), off-track betting, casinos, sports cards, and single-event sports betting. At that time, "Almost half of the \$19 billion handle from legal gambling in 1975 consisted of pari-mutuel wagers at horse races, dog races and jai alai frontons" (p. 108). (Note: The word "handle" is gambling terminology that means the total amount of money put at risk, wagered.

Handle is often distinguished from “gross win,” where gross win is the total amount won by the gambling establishment —“win” = players’ losses.) The authors state that in 1976 “. . . the growth in legal gambling shows no signs of abating and may even be accelerating, as additional states compete in the gambling arena with an expanding array of ‘bigger’ and ‘better’ games of chance” (p. 77).

Since that national report on gambling more than 20 years ago, the growth in gambling has continued at an accelerated pace. States one after another have sanctioned gambling in various forms. Additionally, the federal Indian Gaming Regulatory Act of 1988 opened the door to tribal-controlled gambling in those states that permitted gaming within the state. That Act resulted in significant growth of gambling activities on Indian reservations (Thompson, Gazel, & Rickman, 1995).

Karcher (1992) traced just one of the gambling activities—lotteries—to provide perspective on the magnitude of gambling in our country. He noted that as early as 1978, the 13 state lottery operations yielded \$779 million in proceeds. By 1988, 33 states plus the District of Columbia had approved legalized lotteries. In 1989 these lotteries produced sales receipts of 18.5 billion dollars—with states spending 257 million dollars on advertising. Karcher notes that with sales of 20 billion dollars in 1990, state-run lotteries ranked 24th in gross sales among companies listed in the *Forbes* magazine survey. Additionally, he states that the sales amounted to 0.6 percent of personal income nationwide and a much higher percentage in states with mature lotteries. For example, in Massachusetts, which is at the high end, ticket sales absorbed 1.2 percent of personal income. As his report, along with the federal commission’s study, shows, lotteries moved from being a nonentity in our country in 1960 to status as being one of its largest industries in less than 30 years.

Lesieur² provides a more comprehensive perspective. His findings show that by 1986 the total amount of legal wagers in the country had grown to \$166.5 billion, nearly a 10-fold increase in 12 years. Gross win increased from \$3.3 billion to \$16.9 billion in that same time period, a 5-fold increase. By 1995, less than 10 years later, these national figures

had again more than tripled to \$550 billion for legal wagers and doubled to \$39.9 billion for gross win. Altogether, across a little more than 30 years, legal wagering grew by a factor of 30; and gross win by gambling establishments grew by a factor of 15. As those figures suggest, gambling has become a huge industry.

Legal lotteries are now operated in 37 states; and Washington, DC, casinos are operated in 27 states (of which 14 states have non-Indian casino or device gambling), and Indian gaming is legal in 30 states (see Appendix A for listings by state). While the lotteries and casino gambling have probably received the greatest public attention, other forms of gambling have grown markedly as well. In particular, as Table 1 shows, bingo, charitable gambling, and pari-mutuel wagering are still available in more states than other types of gambling activities.

These large increases in gambling activity did not occur free of problems. Charles Morin, chairman of the federal commission that prepared *Gambling in America*, stated in the book's Foreword (p. ix) that gambling ". . . a pastime indulged in by two-thirds of the American people, and approved of by perhaps 80 percent of the population, contributes more than any other single enterprise to police corruption in their cities and towns and to the well being of criminals." His concerns have been echoed by a growing chorus as gambling opportunities increase and gambling's effects on individuals, their families, and society becomes more apparent.

Nadler (1985) noted that the then accepted prevalence estimate was 1.1 million compulsive gamblers in the U.S. These compulsive gamblers were viewed as wreaking havoc on themselves and others, resulting in bankruptcies, divorce, medical problems, and legal and judicial problems. Karcher (1992, p. 52) addressed the problems as gambling addiction and compared this addiction to being hooked on prescription drugs ". . . which frequently cause users-cum-abusers a myriad of problems: financial, behavioral, psychological, and physical."

States have gradually moved to address problems resulting from gambling, and many have recently acted to slow the

growth of gambling. For example, in the last 2 years, 24 states and localities have defeated measures for new casinos and only Michigan approved new casino development (Abramson, 1996). Also, they have taken proactive steps to better understand gambling problems and reduce their effects. In 29 states plus Puerto Rico, councils have been created (e.g., Florida, Minnesota, Nebraska, and Mississippi) to study and address these problems (H. R. Lesieur, personal communication February 14, 1997). Since 1984 surveys have been conducted in at least 17 states (Fig. 1) to better understand the extent and nature of problems surrounding gambling. Additionally, a growing number are funding programs to directly address problems associated with gambling.

Table 1. Availability of Legal Gambling as of December 1994 – Data compiled by Lesieur³ (1994)	
Form of Gambling	Number of States
All forms	48 and District of Columbia [all states but Hawaii and Utah]
Bingo	47 and District of Columbia
Charitable gambling (excluding bingo)	42 and District of Columbia
Card rooms	15
Casinos	22 ⁴
Gaming device gambling (slots, video poker, etc.)	21
Video lottery terminals	8
Keno	16
Lotteries	37 and District of Columbia
Sports	5
Pari-mutuel wagering	44

In 1992 Lesieur noted that only 8 states (Massachusetts, Connecticut, New York, New Jersey, Maryland, Iowa, Minnesota, and Delaware) provided money to deal with problem gambling. Three of those states (Connecticut,

Maryland, and Delaware) spent less than \$100,000 per year each. More recently Volberg, Dickerson, Ladouceur, and Abbott (1996) noted that 17 states currently provide some financial support for education, prevention, treatment, or research in the area of problem gambling (their analysis preceded the funding of this Michigan study). They also noted that the amount of money provided tends to be small relative to gaming revenues or profits, "ranging from \$20,000 in Maryland to \$2 million in Texas with most allocations around \$100,000" (p. 225). Notably, the Minnesota State Lottery *FY 1995 Annual Report: Income and Expenses* shows that in 1995 Minnesota allocated \$1 million of its lottery revenue to compulsive gambling treatment (up from \$0 in 1994) with an additional \$690,000 of its operating expenses to "Compulsive Gambling and Public Safety" (<http://www.lottery.state.mn.us/inexp.html>). While that amount is still only .5 percent of total revenues and less than 3 percent of net proceeds, such allocations suggest states are beginning to take seriously the problems associated with gambling.

In Michigan race track betting was legalized in 1933, but other forms of gaming (e.g., lottery and bingo) were illegal until the state constitution was changed in 1972. That change opened the door to major increases in legalized gambling activities (see Table 2).

Gambling in Michigan

<p>Table 2. A Chronology of Michigan's 20th Century Gambling Laws</p> <p>! 1933 Public Act 199 legalized pari-mutuel gambling on horse racing. This act has been revised several times.</p> <p>! 1972:</p> <ul style="list-style-type: none"> • Repeal of constitutional prohibition on lottery (May 1972) • Public Act 239 authorized a state lottery • Public Act 382 legalized bingo for charitable purposes <p>! 1981 Public Act 229 added other forms of charitable gaming (raffles and Las Vegas nights).</p> <p>! 1984 Opening of the first Indian gambling facilities</p> <p>! 1993 Native American tribe compacts with the state</p> <p>! 1996 Citizens' Initiative (Proposal E). This initiative allows up to 3 casinos within the city of Detroit.</p>
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Since 1972 the number and type of legal gambling activities have consistently increased. As Table 3 shows, an adult in Michigan now has direct opportunity to legally gamble in more than 20 ways. These gambling opportunities, in turn, result in huge revenues. This past year an excess of \$5 billion was gambled in those gaming activities (see Table 4). Using the state lottery as an

Table 3.
Legal Gambling Activities in Michigan in 1996⁵

- ! Lottery
 - on-line (Michigan Lotto, Daily 3 and Daily 4, Keno, Cash 5, and The Big Game)
 - instant (various scratch-off games)
- ! Charitable Gaming
 - bingo
 - charity game tickets (aka “break-open” or “pull-tab”)
 - Las Vegas nights (or “millionaire parties”)
 - raffles
- ! Pari-mutuel horse racing
- ! Indian Reservation
 - high stakes bingo
 - roulette
 - slot machines
 - dice games
 - card games
 - break-open tickets

What are the Characteristics of Gambling and Compulsive Gambling?

Definitions

Table 4. U.S. and Michigan Legal Wagers in 1995 (in millions of dollars)		
Type of Gambling	Handle	House* Win
The U.S. (all forms of legal gambling)	\$550,300	\$44,386
Michigan wagers		
Lottery games	\$1,379	\$673
Charitable gaming events	\$320	\$101
Pari-mutuel wagering	\$310	\$ 62
Tribal casinos — devices only	\$3,231	\$323
Data obtained from the Michigan Bureau of State Lottery Report on Compulsive Gambling, October 22, 1996, and Mr. Mark Hoffman, Michigan Bureau of State Lottery, in February 1997		

*Gross wagers minus player winnings

example, it is noteworthy that in 1995 Michigan's lottery sales (\$1.3 billion) were more than the total U.S. lottery revenue in 1978. Additionally, individuals wager millions, perhaps billions, of dollars illegally in the state. In an effort to better understand gambling and to assist persons with gambling problems, the state, through the Bureau of State Lottery, funded this statewide study of gambling, provides support to the Michigan Council on Problem Gambling, and is supporting an 800 number telephone hot line for persons seeking help with gambling problems (1-800-270-7117).

Webster's Ninth New Collegiate Dictionary (1991) in its first of several gambling definitions, defines gambling as "to play a game for money or property." This study employs that simple definition, which excludes a wide array of other risk-taking behaviors often referred to as gambling. As suggested in Webster's definition, gambling is commonly viewed as having three primary components: (a)

chance—there is some uncertainty or randomness involved; (b) prize—something of value (goods, money, or service); and (c) consideration—what you stake on the outcome.

Among people who gamble, two types of persons are generally distinguished: those who constrain gambling to reasonable and personally affordable bounds and those who cannot contain or constrain their impulse to gamble. Professionals and lay people alike describe those who do not adequately constrain their gambling activities (i.e., gambling losses) as compulsive gamblers (Lesieur, 1992). Lesieur adds that those who study gambling and who work with “compulsive gamblers” (e.g., psychiatrists) recognize that compulsion refers to an involuntary behavior and does not properly describe the problem gambler’s condition except in the latter stages of the problem gambler’s career. The more appropriate term, “pathological gambling,” is defined by the American Psychiatric Association (1987, p. 324):

The essential features of this disorder are a chronic and progressive failure to resist impulses to gamble, and gambling behavior that compromises, disrupts, or damages personal, family or vocational pursuits. The gambling preoccupation, urge and activity increase during periods of stress. Problems that arise as a result of the gambling lead to an intensification of the gambling behavior. Characteristic problems include extensive indebtedness and consequent default on debts and other financial responsibilities, disrupted family relationships, inattention to work, and financially motivated illegal activities to pay for gambling.

Probably because the term “compulsive gambling” is used widely by the lay public to describe the gambling addictions, and despite their differences in technical/medical meaning, *the two terms “compulsive gambling” and “pathological gambling” are used interchangeably* by most researchers. To further complicate matters, a third term, “*problem gambling*” has been coined by researchers to describe individuals who do

not have as many of the symptoms as pathological gamblers, but do evidence some of the problems associated with the gambling pathology.

Both terms, “pathological” and “problem” gambling, are relatively new. Gambling pathology was first defined and described in 1970 by Emmanuel Moran from the U.K. in his article “Varieties of Pathological Gambling” (*British Journal of Psychiatry* 116, cited by Lesieur in a private communication dated February 14, 1997). In 1980 the American Psychiatric Association (APA) recognized pathological gambling as a mental disorder by including it in the *Diagnostic and Statistical Manual of Mental Disorders, Third Edition* (DSM-III, 1980). Problem gambling, though never formally defined by the APA, has regularly been used by researchers to describe individuals who do not fully meet the criteria for pathological gambling but do evidence some of the symptoms (see, for example, Sommers, 1988).

The definitions of both pathological and problem gambling continue to evolve as studies of gambling increase our understanding of gambling and its effects on individuals. Problem gambling has consistently followed in the stead of pathological gambling, as a less severe problem than pathological gambling.

Because the APA has recognized and formally described pathological gambling in its diagnostic and statistical manuals of mental disorders, the history and development of pathological gambling are readily traced and help to clarify our growing understanding of gambling problems. The APA’s 1980 *DSM-III* includes pathological gambling as an impulse control disorder. In that first attempt to provide diagnostic criteria, the criteria specify that pathological gambling is a chronic and progressive condition marked by at least three of seven factors that focus on the disruptive effects of gambling (see Table 5). By 1987 the list of criteria had grown to nine, of which the *DSM-III-R* specifies that at least four must be met. These nine criteria focus much more directly on the characteristics of the gambler

and his/her relationship to gambling than on the ultimate effects of gambling.

These criteria were again revised and extended with the publication of *DSM-IV* in 1994 (Table 5). Examination of Table 5 shows that criteria numbered 2 and 3 of the *DSM-III-R* were collapsed into a single criterion, number 2 of *DSM-IV*. Similarly, criteria 7 and 8 of *DSM-III-R* were collapsed into criterion 9 of *DSM-IV*. The result is that six of the criteria in *DSM-IV* are comparable to eight of the *DSM-III-R* criteria. The ninth *DSM-III-R* criterion “. . . continuation of gambling despite inability to pay mounting debts . . .” is not apparent in *DSM-IV*. Also, *DSM-IV* introduced three new criteria addressing lying, illegal acts, and reliance on others to gain money to relieve a desperate financial situation. As such, the *DSM-IV* much more strongly focuses on the impact that gambling has on an individual’s relationship with others. Additionally, the *DSM-III* manual requires that only four of the criteria be met for an individual to be categorized as having the pathology, while the *DSM-IV* manual requires at least five.

Table 5. The Diagnostic Criteria for Pathological Gambling as Presented in the *DSM-III*, *DSM-III-R* and *DSM-IV* Manuals

Diagnostic Criteria for 312.31 Pathological Gambling (DSM-III)	Diagnostic Criteria for 312.31 Pathological Gambling (DSM-III-R)	Diagnostic Criteria for 312.31 Pathological Gambling (DSM-IV)
<p>A. The individual is chronically and progressively unable to resist impulses to gamble.</p> <p>B. Gambling compromises, disrupts, or damages family, personal, and vocational pursuits, as indicated by at least three of the following:</p> <ol style="list-style-type: none"> 1. arrest for forgery, fraud, embezzlement, or income tax evasion due to attempts to obtain money for gambling 2. default on debts or other financial responsibilities 3. disrupted family or spouse relationship due to gambling 4. borrowing of money from illegal sources (loan sharks) 5. inability to account for loss of money or to produce evidence of winning money, if this is claimed 6. loss of work due to absenteeism in order to pursue gambling activity 7. necessity for another person to provide money to relieve a desperate financial situation <p>C. The gambling is not due to Antisocial Personality Disorder.</p>	<p>Maladaptive gambling behavior, as indicated by at least four of the following:</p> <ol style="list-style-type: none"> 1. frequent preoccupation with gambling or with obtaining money to gamble 2. frequent gambling of larger amounts of money or over a longer period of time than intended 3. a need to increase the size or frequency of bets to achieve the desired excitement 4. restlessness or irritability if unable to gamble 5. repeated loss of money by gambling and returning another day to win back losses (“chasing”) 6. repeated efforts to reduce or stop gambling 7. frequent gambling when expected to meet social or occupational obligations 8. sacrifice of some important social, occupational, or recreational activity in order to gamble 9. continuation of gambling despite inability to pay mounting debts, or despite other significant social, occupational, or legal problems that the person knows to be exacerbated by gambling 	<p>A. Persistent and recurrent maladaptive gambling behavior is indicated by five (or more) of the following:</p> <ol style="list-style-type: none"> 1. is preoccupied with gambling (e.g., preoccupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble) 2. needs to gamble with increasing amounts of money in order to achieve the desired excitement 3. has repeated unsuccessful efforts to control, cut back, or stop gambling 4. is restless or irritable when attempting to cut down or stop gambling 5. gambles as a way of escaping from problems or of relieving a dysphoric mood (e.g., feelings of helplessness, guilt, anxiety, depression) 6. after losing money gambling, often returns another day to get even (“chasing” one’s losses) 7. lies to family members, therapist, or others to conceal the extent of involvement with gambling 8. has committed illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling 9. has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling 10. relies on others to provide money to relieve a desperate financial situation caused by gambling <p>B. The gambling behavior is not better accounted for by a Manic Episode.</p>

1. It is noteworthy that there are sufficient studies of gambling and issues surrounding gambling to support a journal, the *Journal of Gambling Studies*.
2. As of December 1994, *GAMBLING FACTS*, photocopied material provided in personal correspondence on February 14, 1994.
3. See endnote number 2.
4. This category includes Indian casinos, legal in 21 states; riverboat gambling, legal in 7 states; and land-based non-Indian casinos in 5 states.
5. Information for this table was provided by Mr. Mark Hoffman, Executive Assistant for Policy and Programs, Michigan Bureau of State Lottery (personal correspondence, November 1996).