INTRODUCTION

...once the gambling genie is released, it is very hard to contain let alone return to the bottle.

— author Jerome Skolnick

Put another way, it is virtually impossible for provincial governments to put the gaming toothpaste back into the tube when they know that Canadians wagered some $14.5 billion (creating $10.6 billion in profits for government) on various forms of gambling in 2006 (Jones 2007: A5). Thanks to people like Bob Edmonds — he battled cancer before succumbing in April of 2007 — who took on the Ontario Lottery Gaming Corporation (OLG) for five years over lottery winnings he was cheated of, we know that not all gambling is conducted in a properly regulated, accountable, and legitimate environment. This particularly sad episode — and there have surely been others — exposed serious deficiencies in the lottery ticket system (especially deficiencies involving unscrupulous retailers), charges of corruption and cover-up, and the lengths to which gaming institutions and corporations will go to hide the truth (Campbell, M. 2007: A8; Howlett and Kari 2007: A6). (Eventually, OLG head Duncan Brown resigned from his position and was given a golden handshake of almost $700,000.) Reports soon began to circulate in the media about “insider” fraud and the high incidence of lottery wins by ticket venders in Atlantic Canada — some ten times more often than the general public — forcing provincial governments in the region to initiate their own investigations and the Atlantic Lottery Corporation (ALC) to take immediate steps to minimize the public-relations damage (Jackson, D. 2007d: A1; Jackson, D. 2007b: A1). Interestingly, when British Columbia’s ombudsman, Kim Carter, reported in May of 2007 that ticket retailers were winning too often and that the BC Lottery Corporation failed to protect consumers, the president and CEO of the corporation was summarily fired.

As of this writing, Atlantic Lotto’s CEO, Michelle Carinci, continues to cling to her $193,000 position — though the Nova Scotia government has asked ALC’s board to undertake a performance review of Carinci (Skana 2007: 5; Auld 2007a: A1).

Long before this lottery controversy broke, the ALC took out a full-page advertisement in newspapers throughout Atlantic Canada describing all the positive benefits of gaming activities in the region. In the middle of the ad, and highlighted in large lettering, it predictably singled out the words: “Win. Win” (Atlantic Lottery Corporation 2006a: A10). To commemorate its thirty-year history, the ALC embarked upon a public-relations campaign to burnish its image and to raise the Crown corporation’s regional profile.
“Thirty years of running a responsible and efficient business that has delivered economic and social benefits to the region…. Thirty years of support to community groups and organizations,” the ad proclaims. It then went on to say triumphantly: “All in all, it’s been a ‘Win-Win’ for Atlantic Canada.”

Full stop.

There was not a single word here, however, about the deleterious effects of problem gambling or addictive behaviour, to which the ALC is inextricably connected. Instead, the advertisement declares proudly: “Even those who didn’t win a prize enjoyed a moment of fun with a chance to dream — all in an environment that promotes the goals of responsible gambling.” (It’s worth noting here that barely a fraction of 1 percent of the population actually does win big.) The ad also makes clear that all the profits from various gaming activities have been turned over to provincial governments to help pay for social programs, health care, and education (but nary a word about how money not spent on gaming in the first place would have benefited the regional population and its economy.) The ad ends with the confident words: “Atlantic Lottery Corporation and its business partners are committed to the success of the next 30 years and will continually raise its game so that we all continue to win.”

But what about those individuals who have not won — the so-called “losers,” for lack of a better expression? Is it really “a moment of fun” for compulsive video lottery terminal (VLT) players? VLT’s have the particularly unhealthy effect of hooking roughly 20 percent of those who play these highly addictive machines (Marshall and Wynne 2003: 9). From these gambling afflictions — or those developing gambling problems such as gambling impulse control disorder — can flow a host of other personal problems and difficulties: bankruptcy, divorce and family break-up, increased criminal activity, loss of work days and poor job performance, and increased stress levels. According to a 2003 Statistics Canada report, “39 percent of problem gamblers claimed that they sometimes borrowed money or sold things in order to continue gambling, a desperate action that risks further financial hardship” (Marshall and Wynne 2003: 10).

It is difficult to deny the connection between increased financial stress and a host of physical and mental-health issues. Deteriorating health and an increased propensity to develop alcohol dependency go hand-in-hand with pathological gambling. The incidence of clinical depression is also significantly higher among those with gambling problems than among the general public. This, in turn, leads to increased contemplation of suicide: some studies show an alarming figure of 20 percent of problem gamblers regularly think about taking their own lives (Bailey 2003: C3). According to a September 2007 study published in the Canadian Journal of Psychiatry, there is an association, though not necessarily causal in nature, between pathological
gambling and attempted suicide and self-harm (Newman and Thompson 2007: 604–611). While the evidence is not conclusive that suicides can be linked exclusively to gambling problems, some provincial coroners have been collecting statistics on gambling-related suicides since 2003. (Others have stopped collecting data, or do so only haphazardly, because the numbers are politically damaging to governments in Atlantic Canada.) But as a 2005 Law Commission of Canada study cautioned: “There is yet to be a systematic method developed for collecting data on gambling-related suicides in Canada” (Campbell, C., Hartnagel, and Smith 2005: 50).

It’s hardly surprising that the heartrending stories of Atlantic Canadians who have lost a great deal were not profiled in the ALC’s thirtieth-anniversary advertisement. There was, for example, no mention of Bernie Walsh, a well-known, recovered VLT addict and anti-gambling activist, who can attest to a lengthy list of losses (over $50,000) that he incurred during his six-year gambling spree in the late 1990s in Nova Scotia. Indeed, his addiction to, and personal struggle with, VLTs, far from winning him anything, ended up costing him his job, his house, his family, and his sense of self-worth and dignity. He turned to stealing money and engaged in a life of deceit made worse by depression (Schneidereit 2001: A1). On many occasions, he seriously contemplated taking his own life and finally ending all his misery. When he eventually conquered his inner demons, he was left in a one-room apartment, eking out a bare existence on social assistance, and struggling every day to maintain a non-gambling lifestyle.

There are similar reports of gambling afflictions and family distress in New Brunswick. For thirty-two year-old Eric Bishop of Saint John, his VLT addiction, along with his deep distress over mounting personal debts, was a central factor in his 1998 suicide — just a few days after he had gambled away his last pay cheque. Even though he had sought professional help and had no history of addictive behaviour before he got hooked on VLTs in 1991, the lure of the electronic machines was irresistible. As his father, Donald, once remarked in a newspaper interview: “You have no idea how evil they [VLTs] are. He once said the wheels got inside his brain… it took over his life” (Richer 2005a: A1).

On parochial and conservative-minded Prince Edward Island, there has been little in the way of public acknowledgement of any serious cases of pathological gambling. While few would dispute that there are acute gambling problems on P.E.I., much of it is kept under wraps and behind closed doors. Racino Watch, the local anti-gambling monitoring organization, has argued that VLT addiction has increased since the opening of the new Charlottetown Driving Park Entertainment Centre (CDPEC) — popularly referred to as a “racino” — in the summer of 2005 (The Guardian Staff 2006a: A4). Then opposition Liberal leader Robert Ghiz characterized the situation as follows:
“Here in Prince Edward Island, VLT gambling has increased the number of homeless people, suicides, and family breakdowns. And government-sponsored gambling has turned hundreds of Islanders into compulsive and problem gamblers” (The Guardian Staff 2006b: A4).

There was, however, a very disturbing, though telling, incident in early 2007 involving an intellectually challenged individual, his VLT addiction, and serious questions about the efficacy of the ALC’s so-called “responsible gaming strategy.” Evidently, this addicted person, who was employed by a local business enterprise owned by his legal guardian (who also held the man’s power-of-attorney authority), had stolen thousands in coins from the business over a period of a few months and lost it all through VLT play at the Charlottetown racino (Ryder 2007: A4). But when his legal guardian asked the people at the CDPEC to ban him from their premises they refused to do so, even though they knew that he had the mental development of a sixteen- or seventeen-year-old. They claimed that the person in question himself had to ask to be excluded.² It was not until the story hit the pages of The Guardian newspaper that racino authorities were moved to act by having both the person in question and his guardian sign a very lengthy “Self Exclusion Form” in late January of 2007.

Interestingly, when they were both finally interviewed at the addictions centre in Mermaid, just outside Charlottetown, two women from the ALC showed up with a gambling ad for the racino emblazoned on the side of their van. One part of the actual self-exclusion form clearly stipulated: “I acknowledge and agree that ALC, the operators of the ALCEC [Atlantic Lottery Corporation Entertainment Centre], and their respective agents and employees, have no responsibility or obligation to keep me or prevent me from entering an ALCEC, to remove me should I enter, or to stop me from gambling.” Though his name has been on an exclusion list for thirty-six months, there is no accompanying photo of him attached, and his legal guardian still believes that a strong possibility exists that his legal ward could simply walk in to the racino and start playing VLTs again. “They wanted his money,” he said angrily. “They don’t care.”³

Hard-luck cases of compulsive gambling can also be found in Newfoundland and Labrador. The tragic death of thirty-one-year-old Susan Piercey of Corner Brook in July of 2003 — who overdosed on pills and never regained consciousness — garnered a fair amount of public attention. Having squandered more than $100,000 over ten years on VLTs — including money from stolen cheques and credit cards from her grandmother — she had come to the end of the line. In the painful words of her mother, “She must have realized that there was no way out and that there was no hope of ever beating those VLTs” (Canadian Press 2003c: A8).

As a result of these devastating personal tragedies, the public in Atlantic
Canada is still trying to come to grips with the social reality and human costs of VLTs. In Nova Scotia, for example, there has been a sort of backlash against these machines — compelling the provincial government, gaming authorities, and political parties to respond accordingly. Consequently, there were calls for scaling back the number of VLTs in the province and even proposals to eliminate them entirely over time. But such political pressures tend to be episodic and generally short-lived, leaving governments and politicians a fair amount of room in which to continue their “gaming as usual” mindset — to say nothing of their own addiction to VLT revenues.

Realizing that the public in Atlantic Canada is increasingly uneasy about gambling, regional governments have been very sophisticated in adopting a host of public-relations tactics to help in selling gaming to its citizenry. First, to neutralize public opposition, provincial governments and their respective lottery commissions and corporations are quick to point out that they direct a small portion of their profits — usually less than 1 percent of gambling revenues — into problem gambling and addiction programs. Second, there is the deluge of government-sponsored glitzy advertising telling the public that gambling is good for them, that it is fun and harmless entertainment, and that they cannot win big unless they play. More importantly, there is always the promise that the lion’s share of gambling revenues will go toward social programs, health care, roads, and popular causes and charities. But as Thomas Klassen and Jim Cosgrove have revealed, “There is in fact no evidence that gambling revenues have caused expenditures on targeted programs to increase from pre-gambling revenue levels” (Klassen and Cosgrove 2001: 44).

Although the media covers a host of gambling-related issues and personal-interest stories, the coverage is often fleeting and mostly reactive to current developments in the field (McMullan and Mullen 2001: 321–52). Therefore, the media spotlight tends to shine on annual gaming revenues and statistics, problem gambling prevalence studies, gaming conferences and reports, and gambling-related suicides. It does, periodically, explore or chronicle the social fallout from VLTs, but, for the most part, it accepts both that gaming activities are here to stay and that they provide a key source of government revenues. Only occasionally does the media venture into more probing or critical analysis, preferring not to challenge the underlying assumptions of government-sponsored gambling or its sustained, and obviously negative, socio-economic implications. If anything needs to be done about the more harmful side of this activity, the media tends to endorse more monitoring, the introduction of less addictive VLTs, and better, responsible gambling strategies — rather than any outright ban of these electronic machines.

Generally speaking, civil society groups — various religious denominations, labour unions, mental-health bodies, citizen organizations, and local
business associations — have remained remarkably silent on the whole question of legalized gambling. Sporadic interest has been invested in this controversial subject, but it tends to rise and then fall dramatically as attention drifts elsewhere. Clearly, there is no concerted or organized initiative to craft a unified or coherent anti-VLT position, no effort to join forces in some larger anti-gambling coalition that could speak with a single voice. As a result, the influence and policy-making impact of these civil society groups is necessarily diluted and fragmented, leaving provincial governments and politicians with a fair amount of freedom to act in this area without fear of any electoral retribution from a focused, vocal and entrenched political constituency or lobby.

In fairness, it is exceedingly difficult to gauge with any precision what the beliefs, attitudes, and opinions of Atlantic Canadians are toward gambling and VLTs, because there is very little in the way of systematic and scholarly surveys in this area. We do know that people in the region did not press their governments to move aggressively into the gaming field. If anything, the mindset of the general public tends to be one of ambivalence, or grudging acceptance, of gaming (Morton 2003: 199–201). One is tempted to argue that the mood is essentially one of resignation, or a feeling that gambling is here and there is not much we can do about it. There may also be a sense that it generates much-needed revenues to pay for social programs, that individual citizens should have the choice to participate in what they regard as another form of entertainment, that personal income taxes might have to increase in its absence, that those who are damaged by its addictive capacity represent only a small minority, and that government measures to diminish the social costs of gaming are both worthwhile and effective (Campbell, C., Hartnagel, and Smith 2005: 28–32). And so, no powerful or sustained public backlash against VLT gambling has materialized in any of the Atlantic Provinces — though Nova Scotia has, unquestionably, the most vocal anti-VLT constituency among the four provinces.4

The fact of the matter is that there is a conspicuous lack of public consultation by provincial governments on policy issues surrounding legalized gambling in general (Azmi 2000: 15). It’s almost as if the concerns, considerations, and consent of the citizenry are irrelevant for policy-making purposes — where negative public comments about provincially sanctioned gaming are especially unwelcome and largely unsolicited. Even if legitimate public reservations were expressed about gambling activities, provincial governments in Atlantic Canada prefer to pay little or no heed. And they obviously do not believe — rightly so at this time — that they will pay a political price at the polls for doing so. This, in turn, allows them to ram through gaming policy decisions in a roughshod manner, irrespective of the views of the voting public.
Introduction

Needless to say, there is little interest in governmental or bureaucratic circles in hearing about public concerns about the social fallout from gambling. It does not seem to matter to regional governments that there is a downside to legalized gambling and VLT addiction. In fact, there has never been a comprehensive national study of the ugly side of gaming that garnered statistics over a multi-year period — let alone one for the Atlantic region in general. Provincial governments have conducted annual or periodical studies of gambling prevalence, but they have not tried to calculate, in dollar terms, the full economic and social costs associated with recreational gaming, problem gambling, or even VLT addiction. The fact of the matter is that governments in the region simply do not want to know or hear about this side of the gambling equation. Period.

What these same governments do like hearing about, however, is the annual revenues derived from various forms of gambling-related activities. And the only addiction they grudgingly acknowledge is their own to this very lucrative revenue stream — which they hope to continue to tap into and to expand even further, if possible. Provinces in Canada have learned very quickly just how much of a cash cow VLTs, in particular, have become. With the exception of Ontario and British Columbia — which have electronic slot machines — all other provincial jurisdictions have embraced these VLTs with alacrity, and without much thought to their social costs. In fact, VLTs have generated roughly $25 billion in revenue since 1991 — with provincial treasuries capturing some $18–19 billion of this overall total (Canadian Gaming Association 2006: iv).

In Atlantic Canada, where VLTs were first introduced to Canada, the overall figures are simply striking. Over the last five years, the number of machines has remained fairly consistent at around 9,500, mostly in neighbourhood bars and lounges, restaurants, and Legions. VLT revenues increased on an annual basis until 2005–06, and the percentage of overall gaming revenues derived from these specific machines continues to rise. In 2004–2005, the ALC reported that total net revenues from VLTs went from $375 million in 2001 to roughly $505 million in 2005 (Atlantic Lottery Corporation 2005: 13–17). In percentage terms, VLTs account overwhelmingly for the lion’s share of total gaming profits for 2005–2006: in P.E.I. 63 percent, in both Newfoundland and Labrador and New Brunswick 70 percent, and in Nova Scotia 75 percent (Atlantic Lottery Corporation 2006b: 23–25). Clearly, the runaway gaming money-earner for provincial governments in Atlantic Canada is not even close — it is VLTs hands-down. Here are the numbers for 2004–2005: in P.E.I. $12 million and 70 percent, in Newfoundland and Labrador $87 million and 74 percent, in New Brunswick $83 million and 68 percent, and in Nova Scotia $132 million and 79 percent (Atlantic Lottery Corporation 2005: 13–17).
Terminal Damage

With government endorsement and encouragement from lottery commissions and corporations in the region, VLTs have created an influential small-business constituency — including some interests with political connections. The multitude of bars, licensed lounges, and restaurants in each province, all with different numbers of VLTs in their establishments, have grown rather fond of these electronic machines. For them, it’s relatively easy money, to say nothing of what they contribute to the bottom line in a fairly tight restaurant and lounge market in terms of profit margins. In other words, they can ill-afford to have these machines reduced or, more dramatically, removed from their premises. And many of them are prepared to go to war against anti-VLT crusaders and any government that dares to contemplate banning VLTs altogether. They even defend themselves against any attempt to house them in a single gaming facility, such as a casino or racino.

Despite the interests of this business sector, the majority of local businesses tend to suffer whenever these larger gambling facilities or entertainment centres are constructed. Shop owners have discovered that money going into VLTs at a bar, casino, or racino (which normally also have restaurants) is money not going into their own restaurant, laundromat, or corner store. They all know that there is no “new” money coming into their community — just the siphoning off of local money by these gaming establishments. As a result, local economies suffer, making it more difficult for small businesses to stay afloat, and creating almost unbearable financial conditions for small, rural, and “Mom-and-Pop” operations. And as gaming opportunities proliferate in Atlantic Canada and competition for gaming dollars increases, the chances of higher revenues for these kinds of businesses become less and less likely.

In some provinces in the region, major gambling venues have been promoted to the public on the basis of how many new jobs would be created. According to Lennart Henriksson and Richard Lipsey, “most of the jobs created in gambling only substitute one for one (at best) for the jobs destroyed when expenditure switches from other activities” (Henriksson and Lipsey 1999: 263). Still, inflated job-creation promises associated with gambling facilities — mostly inflated by proponents themselves — are often the norm, and their aim is to convince provincial and municipal officials of the economic benefits of gambling ventures. “When industry spokespersons provide estimates of the types of jobs to be created, they often base their figures on the higher paying jobs of dealers and other skilled workers,” write Michael and Julie Seelig (Seelig and Seelig 1998: 97). In many cases, though, outside people are brought in because local people are not properly trained or educated for senior management positions. And as the industry becomes more automated with slot, video-poker, and VLT machines, actual employment opportunities will correspondingly decrease. As Seelig and Seelig point out: “These machines are the best employees; they function for 24 hours a
day without rest, sick pay, or food” (Seelig and Seelig 1998: 97).

A number of interested observers and academic specialists have also categorized this embrace of VLT revenues as an insidious and poorly disguised form of personal taxation. Less charitably, these VLT monies can be characterized as little more than a voluntary tax on the poor (or, more critically, on the foolish). In the words of Canadian David A. Korn, a gambling expert from the public health field: “Given that gambling revenue goes to the government, these data suggest that gambling expenditures may be regarded as a voluntary regressive tax that has a proportionately greater impact on people with lower incomes” (Korn 2000: 63). It is not that people with higher incomes in Canada don’t gamble: they most certainly do. But it’s an issue of proportionality. Low-income households, which also tend to have less educated members, spend a higher percentage of their annual incomes (2.2 percent) on gambling than high-wage earners (0.5 percent). Why? In short, because they are most vulnerable to the lure of the “big win,” the powerful desire to be set for life and thus be able to quit work and not to have to worry about their retirement situation down the road. Governments in Atlantic Canada, then, are knowingly picking the pockets of those most susceptible to gaming messages and who can least afford it — leaving them in a particularly vulnerable mental state.

It is important to understand that not all gambling formats are created equally. VLTs are specifically designed to hook players and thus are far more addictive than, say, bingo, scratch tickets, or Lotto 6/49. No other gambling activity is as addictive and as powerfully alluring as VLTs. And unlike other forms of gambling such as card games or horse racing, VLTs involve no particular skills, knowledge, learning curve, or acquired expertise. All VLTs in the region are hooked into the main computer system at ALC in Moncton (which does not determine any “spin outcome”), and the individual provinces set the average minimum payout rates. The whole process is decidedly random, with the machine continually generating random numbers. There is no connection to gaming-skills development, the amount of money wagered, or the number of hours played at any specific machine.

One can discern that, along with governments’ increased reliance on growing VLT revenues, is a corresponding negative impact on their respective citizens. Put simply, there is a direct link between higher VLT revenues for governments and higher levels of problem gambling and addiction. Countless gambling prevalence studies in the region have already shown that provincial governments are drawing their increased VLT revenues from a relatively small, though growing, number of problem gamblers or those on the threshold of developing a gambling problem. Governments are well aware of the fact that problem gamblers are their best customers — and precisely the type of individuals who must be created in order for the VLT
Terminal Damage

enterprise to be richly rewarding to provincial coffers. As a July 2005 editorial in the *Globe and Mail* noted pointedly: “The truth is that governments get into VLTs and stay in VLTs because they make scads of money from gamblers — to be more accurate, from problem gamblers whose addictions disproportionately feed the beast” (*Globe and Mail* 2005: A12). It’s not hard to see that provincial governments — which are supposed to be the defenders of the public interest — are putting financial considerations and gaming profits ahead of the general well-being of the people of Atlantic Canada.

Even in the face of mounting empirical evidence, provincial governments, politicians, lottery commissions, gaming corporations, and the ALC itself invariably downplay (and even try to hide) the social fallout from gaming (Hutchinson 1999: 6). They constantly tell the public about the small minority of players who develop problems, frequently low-balling that percentage, and periodically challenging the connection between VLT addiction and suicides. They maintain that there will always be a small portion of the population that will be susceptible to these machines, that it is better to have them regulated by governments than left to the devices of a criminal element, and that non-problem gamblers should not have their choices or personal entertainment freedoms restricted for the sake of a few. And they point to the fact that responsible gaming strategies have been put in place to deal with the small number of compulsive gamblers, along with enhanced addiction and counselling services. Put simply, all is well in the world of VLT gambling — so just relax and have fun.

Notwithstanding these programs and services for problem gamblers, one especially disturbing area of addiction is among our youth, even though governments are well aware of this risk to our future generation. Indeed, VLTs are the game of choice for both young and old compulsive gamblers, and as teenagers grow into young adults their susceptibility to VLT addiction will only increase. According to McGill University’s International Centre for Youth Gambling, roughly 50 percent of twelve- to seventeen-year-olds are characterized as “recreational gamblers.” Of these, some 10 to 15 percent are at risk of developing a pathological gambling problem. And young adults aged eighteen to twenty-four are two to four times more likely to develop a gambling problem than the general adult population (Schmidt 2003: A1; Charbonneau 2003: 10–13). According to Jeffrey Derevensky, an educational and counselling psychology professor from McGill, there is some form of “learning transfer” from electronic video games to other gambling activities. “When you play a video game, the more you play, the better you get. What looks so random popping up on the screen is really not so random: there are rules built in and that’s why people become better as they play,” he maintains (Comeau 1997: 2). “These same people are more likely to think that they can also become better players with slot machines or VLTs, for example, which
is not the case,” he continues. “But that belief encourages them to gamble again and again.” Governments in Atlantic Canada, then, know the potential long-term revenue implications of hooking young adults on VLTs — much like cigarette companies consciously did in decades past.

When considering the question of VLTs and their attendant social costs, one can’t help but wonder about the moral and ethical implications for governments. Indeed, by vigorously embracing and legitimizing gaming, the question needs to be posed: have provincial governments irrevocably lost their ethical way by discarding their moral compass in exchange for quick VLT profits? Historically speaking, the national state — as have governments in general — has sought to make a positive difference in people’s lives and to dissuade unethical conduct, criminal wrongdoing, and self-destructive behaviour by fostering a moral vision for its citizenry, mostly through a regime of policies, institutions, and legal penalties. But venturing into gambling — once the nefarious purview of organized crime — has seriously called into question the moral authority of our governments. Obviously, this raises the very uncomfortable query: if it can immerse itself in gambling, then why not involve itself in protection rackets, pimping, prostitution, or running crack-cocaine houses? What exactly would be the fundamental differences here?

There is also the contentious issue of governments simultaneously wearing the hats of both regulator and benefactor in the gambling field. There is a manifest conflict of interest here, in the sense that governments are seeking to benefit financially from a sector of the economy in which they have regulatory authority. As a 2005 Canada West Foundation study explained: “Profit maximization and public health goals would appear to be often incongruent” (Azmier 2005: 7). To be sure, citizens would be outraged by the prospect of restaurant owners also operating as their own health inspectors or mine owners acting as safety investigators. In the case of provincial governments, there is a palpable disincentive to discourage gambling activities, to pay mere lip-service to signs of problem gambling and addiction, and to forego caution and seek greater expansion of “the gambling product.” As journalist Brian Hutchinson noted: “Governments never acknowledge that as monopolistic gambling promoters, they are responsible for creating addiction and inciting crime” (Hutchinson 1999: 71).

Of course, one of the dirty little secrets of gaming, which governments and lottery corporations are determined to cover up or to make invisible, is its connection to gambling-related crime. Indeed, there have been several high-profile stories in the media about problem gamblers walking into bars or restaurants and methodically seeking to destroy VLTs with an axe or a rifle. Gambling addicts have also turned to stealing from their employers, and even from their family and friends, to feed their seemingly insatiable
gambling habits. Problem gamblers might turn to loan sharks, and their graduation to criminal activity does not end there — as disturbing evidence of increased and varied criminal behaviour reveals. On a more significant note, some have turned to kidnapping, extortion, counterfeiting, family violence, robbery, and the drug trade — crimes we rarely see publicly associated or identified with VLTs. But as a 1999 Canada West Foundation report, conducted by Garry Smith and H. Wynne, explained: “Crimes of the problem gambler can have a ripple effect that is hard to detect; for example, a problem gambling drug dealer may expand trafficking operations in order to obtain more money to gamble; or a problem gambling dealer may resort to employee theft or conspire to defraud the casino because of the pressure to pay gambling debts” (Smith and Wynne 1999: 14).

We do not know what the precise costs of problem gambling are to the economy or to society as a whole. Some studies suggest that the costs associated with a single problem gambler (and the majority of these in Atlantic Canada are surely VLT players) are eye-opening. One investigator has roughly estimated the annual cost of a single problem gambler at between $13,200 and $20,000 (Hutchinson 1999: 14). Such costs would obviously include petty crime, loss of work-days, losses to local economies, incarceration, personal bankruptcy, counselling and treatment, and general health-care expenditures. According to statistics compiled in Jason Azmier’s 2005 report for the Canada West Foundation, almost 83,000 people are at risk or have gambling problems in Atlantic Canada (and the vast majority of those would be VLT players) (Azmier 2005: 11). Based on these numbers, one is talking about a fallout from problem gambling ranging from $1.1 billion to $1.7 billion in this region — which raises the question of whether the purported benefits of VLT gambling really do outweigh the costs. Undoubtedly, these substantial costs help explain why provincial governments would prefer not to examine these figures further and so expose the downside of gaming.

The ALC, for its part, is less preoccupied with issues of social cost and more obsessed with making money. They are acutely aware that gaming is not immune from the exigencies of competition and the business-product cycle. Not only does gaming require steady taxpayer-funded advertising and marketing, but it also requires constant product upgrading, enhanced gimmicks and inducements, and new product lines. As well, there are financial incentives to experiment with innovative ways of capturing the gaming dollar, to examine ways to keep more dollars within the region (as opposed to offshore “leakage”), and to embrace new areas of gambling activity. This, in turn, has led to greater government involvement in expanding gaming to First Nations reserves, tapping into the youth market, and moving into online or Internet gambling — as witnessed by the ALC’s recent foray into this area (possibly as an insurance policy should VLTs become less politically
acceptable down the road). But as Azmier’s 2005 report warned: “The current untapped potential market for the next generation of gambling products (for example, home-based Internet gambling, interactive television and video game gambling, and cell phone gambling) is large and arguably troublesome” (Azmier 2005: 1).

It would seem that the ALC — like any corporate entity — is always in the business of finding new ways to make money (such as operating the racino in Charlottetown as a potential model for elsewhere in the region). As an organization with a staff, budget resources, and a public policy mandate, its business priorities are to ensure its survival as a bureaucratic entity, to expand its operational reach if possible, and to fortify its reason for being. Simply put, it has an obvious vested interest in seeing that gambling activities not only succeed in Atlantic Canada, but are expanded. It plays a pivotal role in promoting the gaming product — notwithstanding its claims to be implementing a responsible gaming strategy — at the expense of people’s physical and mental well-being. In fact, in order for its bottom line to look good, and thus to guarantee its future bureaucratic longevity, the ALC has to profit from the misery of others (especially from those with VLT-related gambling problems), and to create hard-luck cases. “The problem is that governments don’t want to reduce their revenues,” declares gaming expert Garry Smith. “The agency that sanctions it, promotes it and benefits from it, also regulates it. It’s like Esso regulating pollution. It’s a total conflict of interest” (Skelton 2004: C1). The ALC, and governments in Atlantic Canada, know only too well that a decrease in problem gamblers will spell a corresponding decrease in VLT revenues. This is the crux of the whole VLT dilemma and the politicization of these machines.

In its “win-win” advertisement marking thirty years of operation, the ALC highlighted the fact that it has a firm commitment to ensuring responsible gaming. “Atlantic Lottery is also proud of its ongoing commitment to responsible gambling — developing and delivering, alongside the four provincial governments, prevention and education programs that help those with gambling problems,” it argued emphatically. In a clearly defensive mode in a gaming-unfriendly period, it wants Atlantic Canadians to know that it will seek to offer help to those with gambling problems — those same people it helped create in the first place. No matter what it says about prevention and education programs, counsellors and offices, and self- or voluntary-exclusion initiatives, they all amount to public relations gimmicks that offer the ALC political cover and the semblance of being seen “as doing something” purposeful by a broadly sceptical public. It’s worth repeating: the ALC (and its provincial backers) cannot make money unless it has a sustained, and even growing, source of individual problem gamblers — who ante up thousands of dollars a year — to tap into on a regular basis.
How is it possible, then, for the ALC to argue that its “responsible gambling strategies” are working when evidence of higher levels of problem gambling (and revenues) and addiction to VLTs demolishes their case? The hard reality is that these highly touted programs are not meant to work in the first place (and the ALC obviously knows this). Rather, they are designed simply to make people think something is being done about the problem of gambling addicts. As Tracy Schrans of Focal Research Consultants, a company that specializes in gambling, explained at a 2005 conference on gaming in Niagara Falls: “What’s occurring with our machine gambling is not sustainable in the long run. No amount of providing information awareness is going to make this sustainable. Exclusion programs don’t work” (Freeze 2005: F9). She then went on to say baldly: “We’ve been allowing the industry and government to come up with solutions — and the solutions are not working.” In short, these so-called “solutions” are really intended to fail — and to fail miserably, at the expense of Atlantic Canadians.

One could argue, I suppose, that it all depends on what you mean by “working.” For governments, lottery commissions, the ALC, and vested commercial interests, the VLT gambling universe is unfolding as it should — with plenty of profits and, most decidedly, with little regard for human costs. Nobody, however, should be under the illusion that this is somehow going to change in the immediate future: governments’ addiction to gambling revenues is simply too strong and too tempting to resist. If anything, gaming activities are only going to expand in the coming years and, by logical extension, so is the social fallout. How is it, then, that governments and politicians in Atlantic Canada have come to place gaming profits ahead of people’s health and well-being? What happened to governments striving mightily to make a positive difference in peoples’ lives and giving people a helping hand?

Interestingly enough, gambling in Canada prior to 1969 (with the exception of horse racing and small-scale charity lotteries) was actually illegal, a Criminal Code violation. In Canada, legislation modeled on Britain’s Gaming Act of 1802 was given royal assent in 1856 — thus putting into place the legislative and legal framework for such activity. Since gambling and gaming were considered matters of criminal law, according to the Supreme Court of Canada, all regulation of gaming fell within the legislative purview of the federal government (Seelig and Seelig 1998: 97). This all changed, of course, when Criminal Code amendments were introduced in the late 1960s to legalize gambling activities in Canada, thereby allowing both Ottawa and the provinces to hold organized lotteries.

Prior to 1985, however, electronic gambling machines like VLTs were actually illegal and were banned from the country as a whole. As will become clearer in the next chapter, it was not until the Criminal Code was once again amended by Brian Mulroney’s Conservative government in 1985 —
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with little public input — that provinces were permitted to legalize these electronic devices. This change, in effect, gave the provinces more legislative and jurisdictional control over gaming activities such as VLTs. In 1990, New Brunswick was actually the first province in Canada to introduce VLTs, and every other province in the federation (except, arguably, British Columbia and Ontario) had followed suit by 1994.

The fact of the matter is, little has been written about gaming policy or “gambling politics” in Atlantic Canada — especially at the provincial level. Precious few words, at least from an academic standpoint, have been written about the social fallout or human-interest side of gaming initiatives or VLT addiction. This book seeks to meld these two aspects into one manuscript, pulling together the politics of gaming policy and the tragic personal stories of many Atlantic Canadians. (And there are surely many more personal struggles we will probably never hear about.) Basically, the aim of this work is to grapple with the politicization of VLT gaming and to humanize the growing problem of government-sanctioned and promoted VLT addiction in Atlantic Canada.

From the moment when VLTs were first introduced in the early 1990s, provincial governments were in a seemingly mad rush to install them in bars, lounges, restaurants, corner stores, Legion halls, ferries, pool halls, casinos, and, more recently, racinos.

On one hand, critics of gaming invariably point to the social costs of gambling: personal bankruptcy, family breakdown, increased crime, additional health-care costs, and suicide. On the other hand, governments — largely through their various finance or treasury departments and gaming corporations — have offered their own financial justifications for embracing legalized gambling in Atlantic Canada. Much of their argument revolves around much-needed revenues, job creation, and regional economic development. This book, as it delves into the politics of gambling in the individual provinces, will strive to discuss these arguments in a balanced fashion, providing as much dispassionate analysis and explanation as possible.

More importantly, this work is intended to highlight the political machinations that surround public policy decisions about VLT gambling. It will examine the various political actors involved and their vested interests: governments, bureaucratic entities, public opinion, the media, individual activists, civil-society groups, and opposition political parties in each of the four provinces. The central goal here is to explain VLT gaming decisions in a political context one province at a time (and in order of their initial introduction) — bringing in electoral, economic, personal, bureaucratic, and cultural factors to shed some much-needed light on these public policy outcomes. It’s clear that these controversial decisions are not arrived at easily: they are complex decisional processes that are not immune from significant
political influences. A core challenge of this work, then, is to ferret out those influences and identify the proximate reasons why certain decisions involving VLTs were made in the first place by these governments.

Finally, this work explores the choppy VLT waters ahead and the ways governments can deal with this vexing problem of VLT gambling — especially the idea of an outright ban on VLTs. It will discuss in public policy terms what governments in Atlantic Canada should be doing and thinking about with respect to this controversial matter. Clearly, earmarking less than 1 percent of revenues from gambling activities to go back into counselling and treatment programs will do very little. Is a meaningful reduction in the number of these machines in each of the Atlantic Provinces the way to go? Will this solve the troublesome issue of VLT addiction? Or, should governments in the region take the difficult step of abolishing every single VLT in Atlantic Canada? Can it be done — particularly since it has not happened anywhere else in Canada?

No one, neither VLT proponents nor their detractors, can be 100 percent sure of what the future holds for these machines. What we do know is this: if anything substantive on the VLT file is going to happen, it will require significant public engagement, sustained media coverage, and what has heretofore been sorely lacking — namely, sufficient political will, both in government and among opposition parties. Without this critical ingredient, very little will change on the VLT battlefront, and the lives of thousands upon thousands of Atlantic Canadians will continue to be needlessly, and in some cases terminally, damaged.

How exactly did we get to the point where our own governments in Atlantic Canada are visiting this hardship and misery upon their own citizens? Was it always this way? It is to this key question that I now turn.

NOTES
1. Taken from Skolnick 1984: 60.
2. Confidential interview with the legal guardian in Charlottetown, April 3, 2007.
3. This quote was drawn from the same interview with the legal trustee.
4. In a 2000 national survey, Jason Azmier noted that 60 percent of respondents agreed that gambling problems had increased in their province over a three-year period, 24 percent viewed the overall impact of gambling in a negative light, 68 percent did not believe that gambling had improved the quality of life of their home province, 70 percent agreed with the suggestion that VLTs should be limited to casinos and racetracks, and 41 percent believed that they should be eliminated entirely (Azmier 2000: 12, 24).
5. Roughly speaking, Nova Scotia has some 3,234 (excluding the 600 or so on First Nations reserves), Newfoundland and Labrador has 2,687, New Brunswick has 2,639, and P.E.I. has 625.
6. The percentage numbers for 2006–2007 are as follows: P.E.I. (54), Newfoundland and Labrador (65), New Brunswick (68), and Nova Scotia (67). For 2005–2007,
the revenues from VLTs, though declining slightly, are still significant: P.E.I ($7.2 million), Newfoundland and Labrador ($68 million), New Brunswick ($82 million) and Nova Scotia ($95 million) (Atlantic Lottery Corporation 2007: 6–7).

7. Korn also cites these figures. What most VLT players don’t know, however, is that the odds of winning the top prize of $500 per spin (at least in Nova Scotia) are one in 270,000. So if you put in fifty cents a play, the odds are that you will need to spend roughly $6,750 to win the $500 (Canadian Broadcasting Corporation 2006k).

8. A 1998 Nova Scotia Department of Health study indicated that roughly half the province’s VLT revenues came from 1 percent of adults.

9. A Nova Scotia woman robbed an Amherst bank in September of 2006 in order to cover off her accumulated VLT losses of some $600,000 over the previous twelve years. She was hoping for a second time (the first was during an attempted robbery of a Miramichi restaurant in 1999) that police would take her life in a shootout (that is, “suicide by cops”). “I thought death was my only option,” she said at her provincial court hearing. She had previously attempted to take her own life by hanging and by deliberately crashing her motor vehicle (McCoag 2006: A1).

10. “The financial pressures gamblers, and particularly pathological gamblers, face causes an increase in domestic disputes and domestic violence” (Seelig and Seelig 1998: 97).

11. Many specialists in the field identify the connection between VLT play and problem gambling — which, by extension, can be linked to criminal conduct. On the question of criminal behaviour, see G. Smith, H. Wynne, and T Hartnagel 2003: 47–55.

12. At one point, the ALC established minimum sales targets for VLTs of $275 a week in Nova Scotia, or they would be removed from those non-performing establishments.