

THE BROWN FACTOR: Scott Brown's victory gives medical device firms some breathing room. 7

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BUSINESS VIEW

Let's stop the casinos

The companies at the center of the financial crisis — AIG and others — are part of what's been labeled "casino capitalism." It's not called "biotech capitalism." It's called "casino capitalism" because it resulted from predatory practices, financial gimmicks, and something-for-nothing schemes.

Predatory gambling is another kind of Madoff something-for-nothing scheme, which is why it will harm, not rescue, our economy. The Boston Business Journal agrees. In September 2007, the BBJ editorialized, "One of the fundamental fallacies of the casino revenue scheme is that casinos generate new money that falls out of the sky. No, most of this money simply won't be spent elsewhere in Massachusetts."

In November 2009, the BBJ again editorialized against casinos, stating "casinos prey on the poor and doubtlessly would create more problems than they would solve." At the same time, the BBJ appears resigned to the idea that they are inevitable. This is not the case. There is a growing coalition (www.USS-MASS.org) of leaders and professional organizations, both "right" and "left," that is standing up to the casinos' well-funded campaign.

Every Massachusetts business that depends on consumer spending should be calling the governor and their legislators to review the real economics of casinos and slot parlors. Predatory gambling, more than any tax increase, will pull money from the local economy and send it to out of state and foreign investors.

The debate in Massachusetts isn't about whether to allow

gambling. People have no lack of places to gamble, from the tracks to the corner store Keno parlor. The debate is about how many forms of gambling in how many places is a reasonable economic benefit. It's also about the new predatory slot machine business that few people in the media or the Legislature truly understand.

We're learning more about predatory and addictive modern slot machines. MIT Professor Natasha Schull has studied the casino industry for years and concluded "every aspect of slot machines are designed to make customers play to extinction ... until every dollar is gone."

The irony is that the Legislature is considering bringing predatory slots to Massachusetts because the state needs revenue. Casinos never deliver on the promise to bail out state budgets. For example, Connecticut and New Jersey with all of their casinos have significantly higher taxes and worse budget problems than Massachusetts.

The lottery math won't work here, either. A 10 percent hit to the Lottery from gambling competition would equal an \$80 million loss to communities. Subtract \$30 million for a new "Gaming Commission" filled with hundreds of new state employees to audit, oversee, and regulate casinos. Then subtract the huge social costs of addiction: crime, bankruptcy, family disintegration, foreclosure, and subsidized health care.

Don't let this bad bet be waged in Massachusetts.

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