

TO: Casino-Free Philadelphia
FROM: Dr. Robert Goodman
SUBJ: Casino-Free Report: You Pay Even If You Don't Play
DATE: April 7, 2008

At your request, I have reviewed your analysis, "Casino-Free Philadelphia Hidden Costs of Casinos." I agree with your basic conclusion that with the exception of the Murphy report the other reports you examined contain little or no serious analysis of the economic and social costs that will be incurred by the introduction of two casinos in Philadelphia.

The major costs of casino gambling, where the bulk of gambling will be engaged in by a local resident population, as will be the case in Philadelphia, are:

- 1) the substitution effect
- 2) the costs of problem gambling.

These costs can be quite large. The substitution effect will occur in Philadelphia when local residents shift their discretionary spending from purchases like furniture, automobiles, clothing, restaurant meals, bars, sports events, movies, and other activities to gambling.

Extensive problem gambling expenses will be incurred mostly by non-gamblers, businesses, and governments in the local area. These involve costs incurred by others when problem gamblers "chase their losses" and need more money to gamble. Typically they will not pay their debts and taxes, declare bankruptcy, write bad checks, commit fraud on credit cards and on their insurance policies, embezzle money at work, and engage in other forms of theft. Expenses attributable to problem gambling will also include the criminal justice costs to prosecute these gamblers.

I agree with your suggestion about the need for statewide economic and social analysis. I would strongly urge the Pennsylvania state and /or Philadelphia city government to contract for an unbiased and objective comprehensive study to examine both the benefits and costs of introducing casino gambling in Philadelphia and at the other venues of casino-style gambling in the state.

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