

The Royal College of Psychiatrists

Submission to the Gambling Commission

Consultation regarding the document on “Statement of Principles on Licensing and Regulation”

SUMMARY

Gambling is an adult activity and it is a matter of great concern that the Gambling Act allows children to have access to Category D gaming machines. The monitoring of this situation must be very rigorous.

The nature of excessive gambling and the factors involved are discussed. Attention is drawn to the important aspects intrinsic in commercial gambling that encourage excess. The notion in the Gambling Act of “the vulnerable”, who are thought to be the only ones to take gambling to excess, ignores this. In fact, all are vulnerable to a greater or lesser extent. Consequently, there must be recognition that there is a conflict of interest between those who gamble and the gambling industry: moderation versus profit.

It is vital that the Gambling Commission’s decision making should be evidence based. Therefore, the Commission must not compromise its independence by delegating certain aspects of its research activity to organisations with **any** links to the promotion of commercial gambling, such as the Responsibility in Gambling Trust. This is particularly so in relation to the impact on children and also on excessive gambling.

The regulation of gambling must be very vigorous and often proactive. History shows that failure to observe this invariably leads to very serious consequences for society.

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1. The Royal College of Psychiatrists is the statutory body responsible for the supervision of the training and accreditation of psychiatrists in Britain and for providing guidelines and advice regarding the treatment, care and prevention of mental and behavioural disorders.

2. In the course of their work, psychiatrists are faced with people needing help who are in difficulty as a result of excessive gambling. The interest and concern of The Royal College of Psychiatrists about the new legislation regulating gambling in Britain are therefore the impact this is going to have both on children and on the incidence of excessive gambling. Our comments will therefore be confined to these aspects of the Consultation Document.

GAMBLING AND CHILDREN

Consultation Paragraphs 1.7 & 1.8, Commentary and Questions 9 to 13

3. The Royal College of Psychiatrists has consistently taken the view that, since gambling, by its nature, is an adult activity, access to **all types** of gambling should be prohibited to children. The fact that the Gambling Act permits children to gamble on Category D gaming machines is a manifest anomaly. While some Category D machines are "Teddy bears given as prizes", which are clearly quite innocent, the Category D gaming machines are identical to those found in casinos apart from a smaller stake and jackpot. Only commercial considerations would allow children to have access to such machines. The evidence that they are harmful to children, especially those at risk of antisocial behaviour, is considerable.

4. It is vital that this situation should be monitored very carefully. However, The Royal College of Psychiatrists finds the following statement by the Gambling Commission in the Commentary to paragraphs 1.7 to 1.8 unacceptable:

"We expect to work with RIGT to ensure that there is research on whether such gambling gives rise to harm or exploitation."

5. The Responsibility in Gambling Trust (RiGT) is not an appropriate organisation to fulfil this task. The general reasons for this are given in paras. 40 to 45 of this submission. However, in relation to Category D gaming machines, these objections are of particular relevance. It is vital that this research and monitoring function regarding the impact on children should be totally independent of all vested interests connected with the gambling industry and its promotion.

6. This is especially so since there is a reserve power in the Act to introduce an age limit for certain Category D machines. Serious consideration should be given to using this for these types of gaming machines.

7. The Royal College of Psychiatrists is also concerned that, in relation to remote gambling, the fact that “some legitimate players may be deterred by the checks that are necessary to verify age” (Consultation Commentary to paragraphs 1.7 to 1.8) should **not**, in any way, be used to reduce the standards of verification. The protection of children must be the over-riding requirement.

8. In the absence of a public policy encouraging moderation, educating about gambling will have a very limited effect. The experience in relation to alcohol, where there has been a far greater attempt at education has shown this to be the case. Thus, in a recent survey, nearly two-thirds of motorists indicated that they thought they were “fine” to drive when over the legal limit of alcohol.

EXCESSIVE GAMBLING AND THE “VULNERABLE” Consultation Paragraphs 1.9 to 1.12, Commentary and Questions 14 to 19

9. In a discussion of these matters, it is vital to have a clear appreciation of the various factors involved. It is especially so since there are many misconceptions about them. The most important issues that need careful consideration are the nature and characteristics of excessive gambling and the aspects of commercial gambling that encourage excess. Therefore, these aspects will be discussed in more detail in order to set the situation in context.

Nature and characteristics of excessive gambling

10. In the past, disorder resulting from gambling has been referred to as compulsive gambling. However, it is not a true obsessive-compulsive state and this term should therefore be abandoned.

11. The World Health Organisation *ICD-10 Classification of mental and behavioural disorders : Clinical descriptions and diagnostic guidelines* 10 refers to this condition as pathological gambling, under ‘habit and impulse disorders’. It is an heterogeneous group of behavioural disorders, characterised by financial, social and/or psychological disorder resulting from gambling, which is usually excessive. The term problem gambling has been used but has not achieved international acceptance as a technical name for this condition and is therefore best avoided in an area where there is a high level of semantic confusion.

12. The experience in various jurisdictions has shown that the incidence of pathological gambling in a population is directly related to the accessibility of gambling and the commercial pressures to take part. Thus, at a particular level of accessibility, the amount of gambling occurring will vary within a given population. It will do so along a spectrum from those who do not gamble at all, at one extreme, to those who gamble to such a degree that damage results, at the other. The gambling behaviour of the majority of the population will fall between these extremes. While some will only

gamble rarely and others will do so frequently with varying regularity, most in this group will do so occasionally. These subgroups are not rigid and people can move from one to another, as a result of a variety of factors. Paramount among these is the accessibility of gambling facilities.

13. If the facilities for gambling in the population are increased, the total amount of gambling also increases. It does so in all the subgroups above, as follows:

- Some, who had previously not gambled, start doing so, so that the number of those who do not gamble goes down.
- The amount of gambling of the majority, while still varying in the manner indicated in para. 12 above, increases.
- The number of those who gamble to such a degree that damage results increases.

14. Greater accessibility therefore affects the whole population. Whatever the level of previous gambling, the amount of this will increase. Clearly, those who had previously gambled frequently are more likely to do so excessively with resulting damage.

15. Thus, the extent of disturbance resulting from gambling is directly related to the amount of gambling occurring. The situation in relation to gambling is very comparable to that found in alcohol.

Aspects of commercial gambling that encourage excess

ORGANISATION OF THE GAMBLING INDUSTRY

16. Commercial gambling is organised on the basis of unequal conditions, as far as the outcome of the transaction between the industry and those who gamble is concerned. The commercial interests in gambling make their profit by arranging the odds in their favour. The facts are that, in the long-term, while a few of those who take part in gambling win, the majority lose. This way of organising gambling is clearly very profitable to the industry.

17. In view of the likelihood of deregulation, the gambling industry has been attempting for some time to present a socially aware image. In this context, the notion of 'responsible gambling' has been promoted. An example of this is the Victoria Gaming Machine Industry's Code of Practice, which has been more generally adopted in gambling. In this, it is stated that,

"Responsible gaming is each person exercising a rational and sensible choice based on his or her individual circumstance"

and

“The industry’s role is to offer products and services in a way that facilitates customers’ ability to engage in responsible gaming”.

18. The implication of this is that, if those who participate are given information and educated about gambling, then they will be able to exercise an informed, free choice.

19. These propositions have to be seen in the setting in which they are supposed to apply. It is increasingly agreed that, in commercial transactions, decisions should be made in a calm and secure place and manner and that there should be a cooling off period available to ensure that a change in choice is possible.

20. This is not the situation in commercial gambling. While claiming to be behaving responsibly by giving information and advice, the gambling industry stimulates further participation by the promotion of fantasies of wealth to be gained from gambling, as well as by various devices such as loyalty cards. Consequently, the incentives offered to continue gambling appear to be far greater than the warnings given. Nonetheless, the provision of this information makes it possible for the promoters to put forward the notion that any harm resulting from gambling must be due to some abnormality in those so affected.

21. All this might be acceptable in relation to a lot of business transactions. However, the activity of gambling is not just another commercial product. Extensive studies have shown that the psychological and physiological effects on those who participate in gambling encourage the chasing of losses.

PSYCHOLOGICAL EFFECTS OF GAMBLING

22. **Operant Conditioning**, which is learning by providing rewards, is most effective in habit-formation on the basis of intermittent variable ratio reinforcement. In this, the reward is presented intermittently and, although the rate of reward overall is fixed, its actual presentation varies unpredictably at any given time. This schedule underlies all gambling activity. Since this unpredictable contingency of reinforcement produces a stable and persistent response, the long-term net gain or loss to those who gamble is almost irrelevant to the continuation of the activity.

23. **Rapid gambling turnover**, as is usually found in casinos, restricts the ability of those taking part to apply any considered judgment. Inevitably, gambling becomes more impulsive, easily leading to excessive participation.

24. **Assessment of probability of winning** (psychological probability) differs from the mathematical probability. At low probabilities it is higher than the mathematical probability and at moderate and high probabilities, it is lower. This occurs however well informed the person taking part in gambling is.

25. **Negative Recency Effect** is the irrational belief, in a gambling situation involving only random processes, that a string of losses makes a win more likely. It is observed

even in mathematicians who are aware of the independence of the outcome of successive events in this situation. It forms the basis of many spurious gambling systems, especially in roulette - hence the term 'Monte Carlo Fallacy', by which it is often known.

26. **Large prizes**, even at very low probabilities, entice participation because of the *possibility* of winning. The stimulant effect of rollovers in the National Lottery illustrates this.

27. **Skill** is usually overrated and often implies an unrealistic ability to control the uncertain event that is the subject of the gamble.

28. **Credit** reduces the likelihood that those gambling will set a limit on the amount of money staked.

PHYSIOLOGICAL EFFECTS OF GAMBLING

29. **Brain activity.** A gambling loss in normal subjects has been found immediately to result in particular localised activity in the medial frontal cortex of the brain. This is then associated with subsequent *more risky* gambling choices. This would account for the well-recognised phenomenon in gambling referred to as the Negative Recency Effect (see para. 25, above)

30. **Emotional reactions.** In normal subjects, a great range and strength of emotions are experienced during gambling decisions. These are associated with cortical responses in the brain to the expectation of winning. In addition, the subjects are found to lose track of time during a gambling session.

31. **Effect of alcohol.** Normal, social levels of drinking alcohol alter self-control over decision-making. The resulting effect on those who gamble is that they find it more difficult to decide at what point to stop, when losing.

"VULNERABLE" PERSONS

32. In this context, the notion of vulnerable individuals who need protection and help for the harmful effects of gambling requires more consideration. The evidence presented shows that vulnerability to take gambling to excess is intrinsic in the activity of gambling and this is even greater in the commercial variety.

33. Gambling promoters, for obvious reasons, do not find this fact acceptable. They encourage a view that, as long as protection is provided for "the vulnerable", the rest of the population can legitimately be allowed to exercise choice without the danger of this leading to excess. The evidence indicates that this is not so. We are **all** vulnerable to a greater or lesser degree to take gambling to excess.

STRATEGIC APPROACHES TO EXCESSIVE GAMBLING

34. The Royal College of Psychiatrists is concerned that commercial gambling should be recognised as an activity that has certain characteristics, which inherently make it more likely that it can be taken to excess. The prime aim in regulating gambling therefore must be to encourage moderation.

35. While the new legislation regulating gambling was before Parliament, the Secretary of State for Culture, Media and Sport, in her Foreword to the Government's Response to the First Report of the Joint Parliamentary Scrutiny Committee, ended by saying,

"In future we will continue to put the interests of children and vulnerable players first, second and third."

36. Yet, earlier in her Foreword, she said,

"Gambling is a massive global industry and is entitled to a regulatory framework that ensures continued growth".

37. In relation to gambling, these are mutually incompatible objectives. Yet, the Gambling Act is based on this duality. Clearly, there are therefore serious dangers that, in spite of the many assurances to the contrary, in the implementation of this legislation, the second objective will override the first.

38. It is vital to note that, in Australia, deregulation resulted in **one-third of the industry's total revenue being derived from "problem gamblers"** (Banks, G. The Productivity Commission's gambling inquiry: 3 years on. Canberra: Government Press, 2002).

39. The Royal College of Psychiatrists is therefore concerned about the approach that is being adopted to "problem gambling". This condition is being equated with "vulnerability" and the need to provide "treatment and education". Clearly, those in difficulty as a result of excessive gambling need services to provide help and advice. Equally, education about the dangers and pitfalls inherent in gambling should be available. However, the effectiveness of all of this will inevitably be limited if public policy does not encourage moderation. This is particularly so if the gambling industry is provided with *"a regulatory framework that ensures continued growth"*.

40. Related to this is the role to be played by the Responsibility in Gambling Trust (RiGT) in the Gambling Commission's decision-making process. The Royal College of Psychiatrists is concerned that the Commission appears to have decided that the RiGT shall have the pivotal role of leading the research, treatment and education into "problem gambling" (Consultation Commentary on paragraphs 1.7 to 1.8).

41. In this context, it needs to be recognised that the RiGT is a body (previously known as the Gambling Industry Charitable Trust) set up and still funded by the

gambling industry. Moreover, many of the RiGT trustees are senior executives of gambling trade organisations.

42. There is a great deal of research information, which has been gathered over many years, about excessive gambling and its causation. While the situation needs to be carefully monitored and further research is important, this must be led by bodies that are completely independent of any gambling industry influence.

43. The statement in the Commentary on paragraphs 1.7 to 1.8 in the Commission consultation document that the RiGT has "*three strands to its work: research, treatment and education*" is based solely on the RiGT having given itself this task. There is nothing in the Gambling Act indicating that this should be so.

44. The fact that the RiGT, in its research work, has formed a partnership with the Economic and Social Research Council (ESRC) is of secondary importance. The vital point is that the RiGT is wholly financed by means of voluntary contributions from the gambling industry. Since the RiGT holds the purse strings, this must inevitably raise questions about the independence of the work being done.

45. In view of the nature of "problem gambling" and the importance of future research findings in determining public policy, the Gambling Commission needs to review its approach to research in this area. It would be more appropriate for the Commission to work directly with the Economic and Social Research Council and for the cost of any future research to be covered by a government levy on the gambling industry, based on its profits.

46. In this context, it is a matter of special concern that the RiGT refers on its web site to the Department of Culture, Media and Sport as "the Government Department that sponsors the gambling industry" (<http://www.rigt.org.uk/links.asp>).

47. In the past, the relationship between the predecessor of the Commission (the Gaming Board for Great Britain) and the gambling industry has often been far too cosy. However, at that time, the provision of gambling was on the basis of unstimulated demand. This is all going to change. Clearly, the Gambling Commission's decision making should be evidence based. Therefore, it must not compromise its independence by delegating certain aspects of its research activity to organisations with **any** links to the promotion of commercial gambling. This is especially so in relation to the impact on children and also on excessive gambling.

48. The Royal College of Psychiatrists would draw special attention to the need for the regulation of gambling to be very vigorous and often proactive. History shows that failure to observe this invariably leads to very serious consequences for society.

Interim arrangements

49. The Royal College of Psychiatrists is concerned that, at the present time, advertisements by online gaming operators are breaking the law by offering incentives to gamble. This is an offence against the Gaming Act 1968, which is still in force in this area.

50. On November 10, 2005 the Culture Secretary drew attention to this and stated that she and the Gambling Commission "should crack down on" the perpetrators. (http://www.culture.gov.uk/global/press_notices/archive_2005/dcms153_05.htm) Yet, this illegal activity still continues.

51. The Royal College of Psychiatrists advises that since the Gambling Act does not come fully into force until September 2007, when hopefully, adequate safeguards will have been set up, immediate effective action should be taken to enforce the existing gambling laws in relation to this matter.

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