

New Brunswick's VLT Gambling Policy:
Morality Politics and the Legitimation of Vice
by
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Morality policies have burst onto the scene during the past few years, often leaving politicians bewildered as to what to do while also leading political scientists to re-examine their policy models. Controversies over morality are nothing new, having been at the root of some of the most persistent policy issues over the ages. But while not new, morality policies have certainly assumed a more prominent position on the public policy agenda. Whether attributed to the advent of post-materialism, or articulated in terms of conflict between community standards versus individual rights, long-standing morality issues are being revisited while new issues concerning morality are arising. At the same time, morality policies represent a research challenge for political scientists because the nature and dynamics of morality policies, the motivations of the actors involved, and the conditioning factors of influence are usually quite different from the materialistic and self-interest motivated policies that have dominated the discipline (see for example Cahn and Kasachkoff 2003; and Smith and Tatalovitch 2003).

Legalised gambling is a case in point. It has emerged during the past thirty-five years from its traditional position as a social taboo to being the largest source of "sin" tax revenues for the provinces and territories (Canada West Foundation 2001a, 3-4; also see Vaillancourt and Roy 2000). (In fact, as the words for this paper were being penned, Statistics Canada announced on April 22, 2003 that gambling revenue had increased four-fold in current figures from \$2,734 millions in 1992 to \$10,727 millions in 2001 -- not counting charities.) Gambling in its legalised form is now so pervasive that we already have in our midst the first generation for whom gambling has been nothing but a normal fact of life, advertised daily in the mass media, available at a kiosk in the nearest shopping mall or at the neighbourhood convenience store, and is even accessible at home through the Internet. For this generation and for those that follow, there is no stigma associated with gambling -- it has never been and probably never will be a social taboo.

Gambling, however, has remained primarily the research domain of social psychologists examining the consequences of gambling addiction, especially pathological gambling (see Baseline Market Research Ltd 1997; Canada, National Council of Welfare 1996; Canadian Centre of Substance Abuse 1998; Murray 1993; New Brunswick, Department of Finance 1997; and Reznik 1998); and economists studying the feasibility of gambling as a means to promote economic development and to generate government revenue (see Goodman 1994; Henrikson 1996; Henriksson and Lipsey 1999; and Hill 2000). As well, the Canada West Foundation has been most active in recent years with its Gambling Studies research project of the economic, social, and political aspects of gambling in this country, as indicated by its several items listed in this paper's Bibliography.

But what can be said about the politics of legalised gambling? New Brunswick's policy on video lottery terminals (VLT) gambling poses an intriguing case study for

examination from a political science / public policy / public administration perspective. The province was the first Canadian jurisdiction to legalise in 1989 VLT gambling and then later was the first to hold a province-wide referendum in 2001 on VLT gambling. Over the years, implementation of the policy has shifted from a system of industry self-regulation to one controlled by a crown corporation. As well, there was initially a questionable profit-sharing split between the government and its private sector partners such that there were suspicions of patronage if not corruption; the mass media have played a key role in how the VLT policy has evolved; and the issue of legalised VLT gambling has raised a plethora of ethical questions.

This setting is thus germane to a number of political questions: Why did New Brunswick legalise VLTs in the first place? What have been the socio-economic consequences of the VLT policy? How dependent on VLT revenue has the provincial government become? How significant was the VLT issue (including the referendum proposal) in the defeat of the Liberal government and the victory of the Lord Conservatives in the 1999 general election? Why, despite strong public criticism, did the pro-VLT side win the referendum of 2001? Was the conduct of the VLT referendum fair? How does New Brunswick's VLT policy compare with the VLT policies of other provinces -- and also in comparison with provincial gambling policies in general? Has there been evidence of policy congealment in respect to VLT policy due to the provinces emulating each other? Why did New Brunswick change its policy implementation instrument in 2002 from one based on industry self-regulation to one delivered by a crown corporation (the Atlantic Lottery Corporation)? To what extent did the three turnovers in political leadership coming in rapid succession within two years following Frank McKenna's lengthy premiership (1987-97) -- Ray Frenette, Camille Thériault, and Bernard Lord -- hasten the change in VLT policy? And from the perspective of morality politics, how was a subject that was once considered a social taboo legitimised to be a mainstream public policy?

These questions are the foci of an on-going research project that has so far resulted in two previous conference papers (Hyson 2000; and Hyson 2001) and a short article (Hyson 2001-02) that have together examined the history of VLT gambling in New Brunswick as well as the province's VLT referendum. This current paper will proceed a step further by focusing specifically on the choice of governing instrument in the field of morality politics. It is an interesting case where a provincial government, dependent upon the revenue generated by legalised gambling yet faced with no clear public consensus on the morality of the matter, decided to switch to a crown corporation as its governing instrument. This raises the specific research question for this paper, do the attributes of the crown corporation mechanism make it the most appropriate instrument to be employed in a situation involving the legitimisation of vice?

The case thus offers insight into recent New Brunswick politics, taps into the issue of governing policy instrument, and opens a window on morality politics. After first reviewing the factual highlights of New Brunswick's VLT policy in the following four sections, the concluding section will then be speculative by raising of normative aspects of morality politics for audience discussion.

1. Legal Status of Gambling in New Brunswick

Gambling is typically defined as an activity where players voluntarily offer

money (or some other value) on an uncertain outcome or event in the hope of winning a prize (“Gambling” 1968, 53). Similarly, Colin S. Campbell (1991, 154) has identified three defining components of the act of gambling: the consideration (or the money or other value) which is offered; the risk (or the uncertainty of the outcome); and the prize (or what is transferred as the result of the successful outcome). Beyond this formal definition, it is easier to grasp the essence of gambling by highlighting some of the actual forms of gambling: from casting dice to drawing straws; from playing card games and number games to betting on races and other sporting events; from participating in charity raffles to patronising casinos; from buying a lottery ticket at a local convenience store to clicking onto the Internet at home to the game of one’s desire. Yet, as commonplace as these activities may be perceived today, historically in Canada gambling was usually considered a form of social deviance and, following its incorporation into the Criminal Code of Canada in 1892, gambling was regarded as a criminal activity although there were always a few exceptions to this rule throughout most of Canadian history.

The history of gambling in Canada provides a fascinating window on Canadian society and its development over the centuries, but it is outside the scope of this paper to delve into this history (see for example Campbell 1991; Hutchinson 1999; Labrosse 1985; Morton 2003; and Osborne and Campbell 1988). Suffice to say that the legal prohibition of gambling was finally changed when lotteries were legalised by a bill passed by Parliament in 1969 (taking effect on January 1, 1970); furthermore, subsequent federal-provincial political manoeuvring resulted in the provinces being granted the prime responsibility for the control and management of lottery gambling at the end of 1985 (Campbell 1991, 157; Labrosse 1985, 144-69; and Osborne and Campbell 1988, 20-37). Besides granting the provinces general jurisdiction over lotteries, this agreement also came with an interesting provision in response to technological advancements: namely, provincial governments were granted authority in respect to electronic gambling including computer/video gaming devices such as VLTs and slot machines (Canada West Foundation 1999, 3).

It was thus within this context that New Brunswick moved into the field of VLT gambling. Prior to the advent of video gambling, New Brunswick like the other provincial governments after 1969/70 had already become actively involved with legalised gambling especially lotteries. Legislation creating the Lotteries Commission of New Brunswick (LCNB) had been proclaimed on July 28, 1976, which was assigned the task of licensing and regulating gambling activities held for fund-raising purposes by religious and charitable groups including bingos, draws, and raffles, as well as gambling games at annual agricultural fairs and exhibitions. Then, after the legalisation of VLTs in 1990, this commission formally assumed responsibility for the regulatory enforcement of VLT policy in the province. While nominally a crown corporation, the LCNB lacked autonomy from the government because its three members included the Minister of Finance and two deputy ministers who were appointed by the provincial executive (i.e., the Cabinet). This composition helps explain why, during the on-going VLT debate, the Minister of Finance has always been the prime spokesperson while the commission per se has received little reference in the media.

New Brunswick also joined the other three Atlantic provinces to create the Atlantic Lottery Corporation (ALC) as a crown corporation, with the four provincial governments as the sole shareholders, which has responsibility for the marketing of

government lottery tickets in the region (similar to other government lottery corporations in other regions/provinces of Canada). This role includes deciding which ticket products to sell and the promotional advertising of these tickets; in addition, the ALC has the responsibility of authorising private retail outlets (kiosks, convenience stores, and other retailers) to sell lottery tickets directly to the public.

Finally, before moving to the consideration VLT policy and in order to complete this brief overview of the current state of legalised gambling in New Brunswick, three other related elements need to be identified. First, it should be noted that pari-mutuel betting at horse-racing tracks in the province is still subject to federal government regulation by the Canadian Pari-Mutuel Agency as it is in the rest of the country, although the provincial government has occasionally given (and withdrawn) financial support to different components of the horse-racing industry. Then there is the unique matter of gambling conducted on First Nation reserves as to who has jurisdiction -- the federal government, or the provincial governments, or is it an aboriginal right protected by treaty? Different compromises have in fact been negotiated in each of the provinces; in the case of New Brunswick, a few reserves have established super-bingo halls or gaming centres which are managed and regulated by reserve gaming commissions, and provincial taxes on retail purchases are collected from non-natives and submitted to the provincial government which then returns 95% of the tax revenue to the reserve. On a final note, it should be kept in mind that Criminal Code provisions in regard to gambling still apply across the country, defining certain forms of gambling and gambling-related activities illegal; section 207 of the Code is especially pertinent for this study because it grants provincial governments the authority to conduct lottery schemes (Bourgeois 1989, 115; also see *Martin's Annual Criminal Code, 2003*).

2. Legalising the Grey Machines

How and why did the province of New Brunswick become the first province to legalise video lottery gambling? Actually, one should not get caught up with which government did what first because in reality five provinces were in the process of approving VLTs at about the same time (Canada West Foundation 1999, Online). Although the provincial governments had acquired authority of electronic gambling in 1985, a so-called "grey machines" problem had emerged in the country before any of the provinces had established official policies. It remains unclear, however, just how great a problem this was in New Brunswick (or elsewhere) because it was never known precisely how many of these VLT machines were actually in illegal use in backrooms, nor was it known how much effort government and police authorities put into cracking-down on the owners/operators of VLTs and the site-holders of the premises where these machines were located. Nevertheless, the spectre of these grey machines looming out of control proved to be all the justification needed for the New Brunswick government's decision to legalise VLTs. By legalising VLTs, the government was able to assert sovereign authority over the subject by replacing the illegal machines with legally authorised ones. Just as important if not more so, the government was able to tap into a share of VLT gambling profits and create a new source of taxation.

When it comes to comprehending the origins of New Brunswick's VLT policy, it must first be recognised that the decision to legalise VLT gambling was made at the political executive and senior bureaucratic levels outside of public scrutiny, as an

exercise of delegated authority within the legal ambit of the Lotteries Act. Furthermore, the decision was made at a time when there was no opposition in the Legislative Assembly -- all of the legislative seats had been won by the McKenna Liberals in the 1987 general election (Hyson 1988a, 22-25; and Hyson 1988b, 25-27). Whether or not an effective opposition would have resulted in differences in the contents of the original VLT policy can only be a matter of speculation, even with the benefit of hindsight. In any case, it was not until two investigative reports in June and July 1995 by Maite Ormaechea for CBC television news for New Brunswick that the chief features of the VLT policy were brought to the public's attention.

Although some of the facts behind the decision to legalise VLTs still remained cloudy, implying undue influence, the Ormaechea reports revealed that the policy was faulty on administrative, moral, and economic grounds. In addition, the CBC television reports also exposed several faults in the design of the province's VLT policy especially in contrast with other provinces' VLT policies. As might be expected in a case like this, the government immediately denied the CBC's interpretation; however, over the next few months, the government was in fact publicly shocked into initiating corrective action. Table 1 highlights chronologically the key stages and features of New Brunswick's VLT policy from the late 1980s to the present.

3. Attributes of New Brunswick's VLT Policy and the Policy's Incremental Alterations

Premier Frank McKenna relied upon his first Minister of Finance, Allan Maher, to develop the government's policy to get rid of the illegal VLTs and to replace them with legal ones. According to the Ormaechea reports, Mr. Maher had been approached in early 1988 (a few months after the government's October 13, 1987 general election victory) by a small group whose members were involved with the Liberal party including members of Maher's own constituency association; moreover, some of these individuals and many of their associates for whom they spoke were known to be owners of what were then still illegal VLTs. These same individuals were also instrumental in the formation of the New Brunswick Coin Machine Owners Association (NBCMOA), which again was composed mostly of those who had previously operated grey machines. Out of meetings with Mr. Maher and senior bureaucrats, the NBCMOA was delegated authority to (1) decide who could own VLTs in the province and (2) allocate site locations to VLT owners. In effect, the legalisation of VLTs would be administered through means of industry self-regulation sanctioned by government, but the arrangement was morally questionable on two grounds.

First, by previously illegally operating VLTs, these individuals had created the grey machine problem in the first place but now they were in charge of rectifying the problem by administering the government's VLT programme. As Ormaechea succinctly

Table 1. Chronology of New Brunswick's Video Lottery Terminal Policy

*1985 -- federal-provincial agreement giving provincial governments sole authority to manage and control lotteries, including electronic lotteries such as video-lottery gambling

*Late 1980s -- the "grey machines" problem

*1990 -- New Brunswick's initial VLT policy programme

*profit sharing: VLT owners, 35%; site-holders, 35%; and provincial

government, 30% ;

non-licensed convenience store;

Association (the VLT owners):

*maximum five VLTs per licensed establishments, and two VLTs per

*self-regulatory powers of the New Brunswick Coin Machine Owners
“gentleman’s agreement”

*June/July 1995 -- CBC television news reports by Maite Ormaechea

*1995 -- new 7-year VLT programme negotiated: graduated changes in the profit-sharing so that
by 2002 it will be: VLT owners, 22%; site-holders, 22%; and government, 54%

*January 1996 -- Baseline Market Research public opinion survey in regard to gambling practices
and gambling addiction of New Brunswickers

*February/March 1997 -- modifications announced re. the operation of VLTs, and the provision of
additional treatment and counselling help

*October 1997 -- Premier Frank McKenna resigned; Ray Frenette appointed interim premier who
is committed to the banning of VLTs from non-licensed sites (i.e., convenience stores)

*April 1998 -- announced amendments to the 1995 VLT programme

a complete ban as of October

site-holders, 19%; and

*VLTs to be phased-out of non-licensed convenience stores leading to
1, 1999

*new profit-sharing agreement (so that by 2002): VLT owners, 21%;

government, 60%

*Atlantic Lottery Association to assume ownership of VLTs in 2002

*June 1999 -- election of Bernard Lord’s Progressive Conservative government

licensed convenience stores

*maintains the Liberal government’s plan to phase-out VLTs from non-

*promises to hold a referendum on VLTs

*May 14, 2001 -- VLT Referendum held

* Public voted to maintain status quo

*March 31/April 1, 2002 -- End of 7-year contract; Atlantic Lottery Corporation assumes control

stated in her first report: “what happened was not illegal but was it right?” The other questionable matter was the so-called “gentlemen’s agreement”, whereby members of the NBCMOA had apparently divided most location sites in the province (even if they were currently being unused) amongst themselves in preparation for the 1990 start of the province’s VLT programme. This effectively barred the door to new entrants, contradicting the government’s much lauded claim of starting anew by eliminating the grey machines and providing an equal opportunity for all citizens to own VLTs.

What was the government’s response to these revelations? While he did not challenge the facts presented, Finance Minister Maher did question the reporter’s interpretation and emphasised the objective of the government’s policy (Ormaechea 1995b; and *Times Globe*, August 4, 1995, p.A6). The objective had been to eliminate the illegal operation of VLTs in the province which, according to Mr. Maher, should be the sole basis for judging the government’s VLT policy. At the same time, according to Mr. Maher, by co-operating with the private sector and thereby saving policing enforcement costs, the province had succeeded in getting rid of the grey machines which he contended were still major problems in Quebec and Nova Scotia.

Mr. Maher also denied any suggestion of impropriety or preferential treatment for his friends; furthermore, he maintained that it would have been unfair and impossible to have weeded-out those suspected but never convicted of having previously operated grey machines -- the government could only bar, and it did bar, those with actual criminal records from owning legal VLTs. A second key position to the government’s justification of its policy was that since there was no precedent from the rest of Canada to emulate, and, after considering the situation in Montana and South Dakota and reviewing “all options,” it had decided to deal with the private operators who possessed expertise in the field of VLTs rather than go it alone (Ormaechea 1995a and 1995b; and N. B. *Video Lottery Program Review* 1997, 3-4). Not only did several other persons interviewed by Ms. Ormaechea scoff at this position, but the New Brunswick auditor-general later found no evidence to support the claim that the government had reviewed all options (*Times Globe*, January 3, 1997, p. A1).

Mr. Maher’s final argument was to emphasise that the VLT programme had generated an extra \$35 million dollars revenue for the province in the preceding year -- money that the government would not have had if the grey machines were still in existence. Although most lottery revenue went into the province’s Consolidated Fund, a specified portion of VLT revenue (\$10 million per year) went to an Environmental Trust Fund; other provisions of the Lotteries Act granted \$700,000 from general lottery revenue to an Arts Development Trust Fund and \$400,000 to a Sports Development Trust Fund.

While Ormaechea’s revelations about the role of the NBCMOA did raise some eyebrows at the time and Maher’s comments were incomplete and unconvincing to many, it was the profit-sharing arrangement (see Table 1) that attracted most public attention. In her reports, Ms. Ormaechea had contrasted New Brunswick’s “35-35-30” profit-sharing split whereby the government received the 30%, with that of Nova Scotia where the Atlantic Lottery Corporation (instead of private owners) supplied the machines and the government received 65% of the profits. In effect, this meant that, if New Brunswick had been receiving 65% like Nova Scotia, there would have been approximately \$50 million extra in the public coffers during the first five years of operation. Interestingly, while

pointing to the \$35 million of new revenue, Mr. Maher soon announced (see Table 1) that new negotiations had resulted in the government's share being increased to 50% to be followed by graduated increases so that by the end of the seven-year deal in 2002 the government's share would be 54% (*Times Globe*, August 4, 1995, p.A6).

The Ormaechea reports and the government's reaction did much to highlight the partisan, financial, and ethical dimensions of the government's VLT policy, but there was something else going on at the grassroots level as more people became aware of some of the negative effects of VLT gambling. Media stories about VLT addiction had attracted considerable public attention, about addicted VLT gamblers spending food and rent money on VLTs, stealing money from their places of work, committing suicide, and being prosecuted and convicted for their gambling-related crimes had started to become commonplace by the mid-1990s (see for example *Telegraph Journal*, May 21, 1994, p.A1).

Concern was also expressed by opposition MLAs and community leaders about the availability of VLTs in neighbourhood convenience stores which allowed the machines to be used by a much broader spectrum of the public than if they had been restricted to bars and taverns; in addition, there was concern that VLT gambling was being seen by children as a normal adult activity to which to aspire. Like an "urban legend", it seemed as if everyone claimed to know someone who was an addicted gambler, or had a friend who had a relative addicted to gambling. The government also gained its own insights into the state of public opinion of gambling when it commissioned Baseline Market Research Ltd. to conduct a telephone survey of New Brunswickers in January 1996; the data were later released to the public as an appendix of the N. B. *Video Lottery Program Review* in 1997. This survey was of the public's gambling practices in general -- bingo, raffles, lottery tickets, card games, horse racing, casinos, and not just VLTs -- primarily from the psychological concern with gambling addiction rather than of the public's attitudes on VLTs. The government thus had a firm grasp by 1996 of the state of gambling practices and gambling addiction in the province from the perspective of social psychology which was consistent with much of the media's coverage. By acknowledging and documenting the social and psychological dimensions of VLT gambling (and other forms of gambling), the New Brunswick government was in a position to take direct action through awareness, educational, counselling, and regulatory initiatives to deal with the addiction problem.

Following the September 1995 general election (in which Mr. Maher did not seek re-election), Edmond Blanchard was appointed as the new finance minister -- a change that made it easier for the government to begin altering incrementally the provisions of its VLT policy. Although maintaining that it would be unrealistic to ban VLTs from unlicensed premises (mostly convenience stores) for fear of encouraging the re-emergence of grey machines, Finance Minister Blanchard did announce a number of other changes in early February 1997 that would take effect on March 1, 1997 (see Table 1). Operationally, convenience store owners had as a minimum to install partitions to shield VLTs from public view; tougher fines were introduced for both machine owners and site holders who advanced credit to players or allowed minors to play; ten new enforcement inspectors would be hired; and VLTs would be shut off from 2:30 AM to 10:30 AM by the Atlantic Lottery Corporation's central computer to which the VLT machines were linked. In addition, the budget for addiction counselling would be

increased by \$750,000, one new addiction counsellor would be hired for each of the province's seven health regions, the addiction helpline number would be flashed on VLT screens, and the province would do studies annually rather than every four years on the prevalence of gambling (*Telegraph Journal*, February 8, 1997, p. A3).

Just as the change in finance ministers had opened the door to introduce some operational changes, the change of premier in October 1997 provided the opportunity for much greater change. Right away with the Speech from the Throne of November 25, 1997, the government of interim premier Ray Frenette announced its intent to remove VLTs from non-licensed convenience stores, maintaining that the social costs were too great despite the revenue generated by the machines (*Times Globe*, November 26, 1997, p. A3). However, the details of this intended change had to be negotiated since the seven-year contract negotiated in 1995 with the NBCMOA was still in place and had to be renegotiated. Finance Minister Blanchard managed to reach a new agreement in early April 1998 (see Table 1): under the new plan, non-licensed convenience stores would be limited to one VLT machine by the end of the year (December 31, 1998), and that one remaining VLT would then have to be removed after September 30, 1999. This gradual phase-out was apparently meant to ease the pain for both machine owners and store owners, and their employees, to adjust to the change in their financial situation, since the government was not going to provide any compensation. In addition, a new profit-sharing split was negotiated so that, by the end of the existing agreement on March 31, 2002, the government would be receiving 60% of VLT profits with the machine owners and store owners (or site-holders) receiving 21% and 19% respectively. Finally, at the end of this agreement, the Atlantic Lottery Corporation would assume ownership of VLTs in the province although the details of this change were left unsettled (*Times Globe*, April 9, 1998, p. A3).

Following his appointment as the new premier for New Brunswick in May 1998, Camille Thériault remained committed to the phase-out plan; likewise, the Progressive Conservative premier, Bernard Lord, who was elected in the June 1999 general election followed through with the completion of the phase-out. Consequently, after the September 30, 1999 deadline, VLTs were limited only to licensed establishments and were no longer to be found in non-licensed convenience stores. Meanwhile, the next stage of New Brunswick's VLT saga was already unfolding with a promised referendum that was held on May 14, 2001.

4. New Brunswick's VLT Referendum

As leader of the opposition Progressive Conservative party during the 1999 general election, Bernard Lord had promised to hold a referendum on VLTs, presumably to appeal to that segment of the population still disgruntled with VLT gambling. This was despite the fact that the phase-out plan was already tackling the main source of much public concern, namely the ubiquitous presence of VLTs in convenience stores. It was thus in fulfilment of its election promise that the Video Lottery Scheme Referendum Act was enacted in December 2000, with the referendum vote held on May 14, 2001 (Table 1). The fact that the referendum statute was weak in design and the conduct of the referendum was faulty (Hyson 2001-02, 19-26) also suggests that blatant opportunism had been behind the referendum promise, rather than any commitment to the democratic idea of public consultation through use of referendums. Indeed, the referendum statute

even contained a sunset provision in section 13 (1) whereby the statute would expire on May 14, 2002 (one year to the day after the holding of the referendum). Finally, because the contractual agreement of the current VLT programme was scheduled to end on March 31, 2002, so that VLT policy could then be changed by the government at its discretion, including the banning of VLTs, it is difficult not to be cynical about the holding of the VLT referendum on May 14, 2001.

It is appropriate at this juncture to establish empirically how widespread VLT gambling was in New Brunswick. First, just how serious a problem was pathological gambling in general (i.e., not only VLT-based gambling)? What can be said about the pattern of VLT gambling in New Brunswick? The Baseline Market Research Ltd. study (1997, iii) found that the reported rate of problem gambling was 4.1% of the adult population of 18 years old and older, which was consistent with rates found in other jurisdictions (Canada West Foundation 2001b, Online, 11). Furthermore, when asked, only 23% of New Brunswickers stated that they had “ever played” VLTs, and 4% “play once a week” (Baseline Market Research Ltd. 1997, iii, 8, 36-39).

As for the presence of VLT gambling in New Brunswick, by the 1999-2000 fiscal year, there were 2,795 VLT machines in 776 locations (Canada West Foundation 2001a Online, 1-2). Relative to population size, there was 1 VLT for every 206 adults which at that time was one of the most dense concentration of VLTs in Canada -- the national ratio was 1:293. The average amount of money collected by each VLT machine was \$35,845, which adjusts to a per capita loss of \$174.06 by adult New Brunswickers; both sums are the third lowest in the country. Obviously, given the fact that very few people use VLTs, the losses experienced by regular VLT players is considerably higher than the per capita average; actually, this conclusion has been reached in other jurisdictions such as Nova Scotia where it was found in 1997 that about 96% of its VLT revenue came from the 5.7% of the adult population who were regular VLT players (Quoted in Hill 2000, 11-12).

Yet, although very few New Brunswickers had used VLTs, and even fewer were pathologically addicted, they (along with other Atlantic Canadians) were strongly opposed to gambling in general and were particularly opposed to VLT gambling. In a national opinion survey on gambling conducted in June 1999, the Canada West Foundation (2000 Online, 10, 12-13, 23-24, and 26-29) found that 60% of Atlantic Canadians desired more restrictions to be placed on gambling; 62% wanted “Video lottery gambling should be banned in [the province]”; 56% claimed to know someone who is a problem gambler; 70% were unwilling to have a casino in the neighbourhood; and 82% disagreed with the statement that “Gambling has improved the quality of life in [the province].”

The Canada West Foundation attributed this very strong anti-VLT sentiment to the higher profile that VLT problem gambling has received in Atlantic Canada. This seems to be a reasonable explanation, given the fact that 56% claimed to know someone who is a problem gambler, even though the prevalence rate of problem gambling in New Brunswick has been documented to be only about 4% of the adult population. At the same time, however, we have to be cautious about this reported anti-gambling and anti-VLT opinion because it seems to be more an expression of opinion in regard to past practices; after all, VLTs at the time of the 1999 survey were already in the process of being removed from convenience stores.

This was thus the curious situation found in New Brunswick at the turn of the century -- a province where, although VLT gambling had been legal for over a decade and its presence was ubiquitous, it had never been a high priority issue for most of the public. Still, when specifically asked their opinion about VLTs, New Brunswickers along with other Atlantic Canadians have never hesitated to voice a strongly negative response. As is often the case with other morality policy issues, where the imperative of individual choice clashes with that of protecting community standards, VLT gambling had emerged as a complex issue for which there was no clear-cut solution -- a ripe situation for a referendum, so let us return to the referendum..

The actual wording of the referendum question was straightforward: *Should the Province of New Brunswick continue to permit the legal and regulated operation of video gaming devices (commonly referred to as video lottery terminals or VLT's)?* Although the government had unilaterally chosen the date for the referendum and had drafted in camera the referendum question, the Office of the Chief Electoral Officer supervised impartially the distribution of the referendum ballots as well as the collecting and counting of the referendum vote. Only the unofficial results are listed on the web-site of the Office of the Chief Electoral Officer at this time, and, as can be seen, the results were very close: 22,061 (53.1%) voted "Yes" and 107,753 (46.9%) voted "No" (New Brunswick Office of the Chief Electoral Officer 2003, Online).

The VLT referendum was structurally weak in two areas such that it did not meet the fairness criterion that is expected of a proper referendum (Hyson 2001-02, 19-26; also see Mendelsohn and Parkin 2001, 3-35; and Mowrey and Pelletier 2001, 18-22). First, much of the argument in favour of referenda is premised on the need for an informed decision; thus, it is not uncommon to find that governments are statutorily required to disseminate basic information on the facts of a referendum issue. Furthermore, with the availability of modern electronic communication technology in contemporary society, the logic behind the idea of a government-prepared information pamphlet could be extended to include audio- and video-tapes for broadcasting use and a web-site for access by means of personal computers. Then there is the matter of regulating finances during the referendum campaign in order to abrogate the undue effect of money, which is also a standard practice followed in elections throughout Canada including New Brunswick since 1978 (Mellon 1991, 137-69). In the case of New Brunswick's VLT referendum, the government (for no stated reason) decided neither to disseminate an official information package nor to regulate the financing of the referendum campaign.

The VLT referendum campaign in New Brunswick consequently turned-out to be a free-for-all lacking transparency and public accountability. It is not known how much money was spent by the two sides, who contributed, how the money was spent, or if the electorate was unduly influenced by big money. There is strong reason to believe, however, that the pro-VLT side raised and spent considerably more money than its opponents. The pro-VLT side was led by the Committee for Responsible and Regulated Gaming which was an industry group that issued daily advertisements in both print and broadcast media, hired a public relations firm to orchestrate its campaign, and established its own web-site. On the anti-VLT side, however, their efforts were unorganised with no financing; their concerns were expressed sporadically on the letters-to-the-editor pages of newspapers and open-line radio programmes, and at a few poorly attended public meetings (Hyson 2001-02, 19-26). Although the government remained officially neutral,

Finance Minister Norm Betts inadvertently assisted the pro-side when he had observed a year earlier how much money VLT revenue pumped into the public treasury to provide necessary public services, and outlined how much other taxes would have to be increased and /or services reduced in order to cover any possible loss of VLT revenue (*Times Globe*, May 31, 2000, p. C7). This government-supplied information was relied upon by the pro-VLT side as the basis for its television advertisements.

Of course, these procedural weaknesses can easily be attributed to New Brunswick's lack of experience with referenda and plebiscites, or it may be a case of higher expectations developing Canada-wide for greater openness, impartiality, fairness, and public accountability in voting situations. On a final note, one still has to wonder why the referendum was held on May 14, 2001 when in about ten-months time the existing VLT contract would have expired, and the government could have put in place a new regime of its own choosing regardless of the referendum vote. As it turned-out, even with the pro-VLT vote, the government allowed the current contract to expire on March 31, 2002, and negotiated a new deal with the Atlantic Lottery Corporation to deliver VLT gambling services in the province (Table 1; also see Atlantic Lottery Corporation 2002).

5. Speculative After-Thoughts on Morality Policies (or the Politics of Legitimising Vice)

Steven Cahn and Tziporah Kasachkoff (2003, ix) began their collection of readings on morality policies by noting the distinction between an individual's sense of personal morality in respect to various matters and the ethical dimensions of public policy at the societal level. Although this is an elementary distinction, it serves as a useful first step to defining the subject before us. As such, morality policies on the current policy agenda in Canada would include pornography, prostitution, capital punishment, same-sex marriage, gun control, smoking in public places, marijuana use, as well as gambling. Historically, however, alcohol consumption has probably been the morality issue that has received most attention in Canada including New Brunswick (for example, see Marquis 2000, 173-203). But other than listing examples of morality policies, what more can be said? Are there defining intrinsic attributes of morality policies that set them apart? Similarly, are the politics of morality policies unique? And what can be said about how and why a vice, or social taboo, is legitimised?

It was suggested in the opening paragraph that morality policies pose a special research challenge because their particular features differ so greatly from economic and related policies that have been the dominant research targets of scholars and have thus generated most policy research models. This point is most apparent when it comes to the motivations of the actors involved -- for example, the notion of self-interest maximisation is not the prime or determining explanatory factor with morality policies as it usually is with materialistic policies. With morality issues, people are instead motivated by their social values as to what constitutes proper behaviour or a good society. At the same time, morality issues are often bitterly contentious disputes, frequently with a religious dimension, and are usually expressed in black and white terms leaving little room for trade-offs or compromise.

Smith and Tatalovitch (2003, 11-22) have described morality conflicts in terms of being struggles over identity and status, or "culture wars", that have come to dominate the post-materialism era especially in western democracies. Typically, as in the case of Canada, what was traditionally the established moral order (or to use Smith and

Tatalovich's terminology, "status-differentiation") has been challenged in recent years by forces demanding "status-equalisation." The shift by the state to legitimise (or at least to decriminalise) a subject that has traditionally been considered a form of social deviance -- a shift from prohibition to state approval, promotion, and/or regulation -- is inevitably controversial, and seldom accompanied by a wide consensus of popular support (Skolnick and Dombrink 1978, 193-208). In such situations, elected politicians, public officials, and community leaders are often hesitant to tread let alone to take the first step. Resort to the judicial courts and use of the Charter of Rights and Freedoms has increasingly been relied upon to facilitate the settlement of disputes over morality issues; in addition, parliamentary free-votes, referenda, and plebiscites are other mechanisms that may be used.

Explanation of public policy in the case of morality politics (Meier 1994, 3-19) cannot be reduced to quantifiable variables alone, but must assume a more eclectic orientation in order to accommodate disparate values, conflicting policy actors, assorted policy instruments, and entrenched practices. Robert Reich (1988) has accordingly stressed the power of ideas when explaining the development of public policy. So, when it comes to explaining New Brunswick's VLT gambling policy, it is essential to grasp the diverse views and concerns involved. Actually, exposure to the differing disciplinary insights is perhaps the most enjoyable intellectual reward to be derived from the study of gambling.

Religion has always held a key place in the debate over gambling, whether it be the varying positions held by the different denominations or a common concern for the cheating, unfairness, or frivolity often associated with gambling and the impact of gambling on the family structure. Economics draws attention to economic development, job creation, and business spin-offs, as well as to the government revenue stemming from gambling activities; in addition, economics exposes to us the financial losses and costs of gambling including its exploitative impacts. Psychology alerts us not only to pathological gambling addiction but also to the leisure (or nonpathological aspects) of gambling. Sociology informs us about both the functional and the dysfunctional effects of gambling, including crime-related activities. History allows us to comprehend the relevancy of the past to the present in regard to gambling activities, laws, and policies. Political science delves into the structures and processes of policy making in the development and implementation of gambling policy. To this list of traditional concerns, we may add business administration which is evident with the annual reports of lottery corporations (Atlantic Lottery Corporation 2003, Online), and the lexicon of sales figures, balance sheets, marketing, products, and profits.

From the earlier chronological review of New Brunswick's VLT policy, it is apparent that the McKenna government originally took a "law and order" stance in its effort to rid the province of the grey machines; and, coincidentally, the government was attempting to tap into a new source of revenue at a time of fiscal restraint. However, by the mid-1990s, especially after the Omaechea reports and mounting public awareness, the discourse on VLTs changed. While the government was content to talk in terms of having eliminated the grey machines and created a new source of revenue, the public was increasingly pre-occupied with gambling addiction and related socio-psychological concerns. For example, was it right that the former operators of illegal machines had been authorised to oversee (self-regulated) the new legal regime? Had there been undue

influence in the decision-making process to legalise VLTs? Was it right that special treatment (i.e., the “gentleman’s agreement”) had been given to the former operators of the grey machines? Did the moving of VLTs from the backrooms to the open store floor actually contribute to gambling addiction and create new problems? Was it acceptable for government to be encouraging gambling that preyed upon human frailty just to make extra revenue? Was the government doing enough to prevent gambling addiction and to provide counselling services? And, of course, the government’s claim of having created a source of new government revenue was always a haunting reminder of the original “35-35-30” profit-sharing split with the government receiving the smallest share.

The government’s response to this changing public discourse on VLT gambling has been always been reactive. Criticism of the profit-sharing agreement led almost immediately to re-negotiation with the machine owners and site-holders, and to another re-negotiated settlement in 1998. Similarly, criticisms of the presence of VLTs in convenience stores led to their phase-out, and criticisms of the gambling addiction led the government to doing more to address the addiction issue. Over the years, public reaction to the government’s VLT policy as reflected in the mass media’s coverage has usually been negative in both editorial and general reporting. However, VLT gambling has never been a high priority on the public agenda, but, when specifically asked, New Brunswickers have usually expressed negative opinions. Yet the public’s participation in gambling activities has grown, as has the government’s (both Liberal and Conservative) dependency on gambling revenue.

It was (and still is) a mixed picture, and this was the situation that Bernard Lord faced when he promised to hold a referendum. Although the referendum device has in recent years been used to decide constitutional questions in Canada, the mechanism has frequently been used in the past to settle morality issues, especially so-called “blue laws” and the availability and consumption of alcoholic beverages (Boyer 1982, 25-41; Boyer 1992, 13-77; and Hahn 1968, 462-69). It was thus only a matter of time before referendums were adopted in Canada to decide gambling matters. The New Brunswick vote was close, but given the democratic trappings of the vote, of allowing the people to exercise their majoritarian will, VLT gambling received a degree of legitimacy that it had not previously possessed.

Legalised gambling has become a firm fixture of New Brunswick society, although other forms of gambling (such as lotteries, raffles, bingo, and horse-racing) are still more acceptable than VLT gambling. When it comes to the age-old conflict between individual choice and protective community standards that characterises disputes over morality policies, the drift of public discourse in the post-material world has been to favour the imperative of individual choice. Gambling is inevitable, so the argument goes, and therefore it is better for the state to be directly involved in order to ensure fairness and openness in gambling. This train of thought led eventually to the decision to replace the private VLT owners by the Atlantic Lottery Corporation (ALC). Like crown corporations in general (Tupper and Doern 1981, 1-50), the ALC brings to VLT gambling a certain professionalism never previously enjoyed. There has been a sanitation of what was an immoral and corrupt activity. In addition, the New Brunswick government has distanced itself from the kind of decisions pertaining to gambling that might offend some constituents, as happened in the past. The fact that ALC is “owned” by all four Atlantic provincial governments also gives the organisation a greater degree of

independence in its daily operations, because no one government can change ALC's mandate or interfere in its affairs. The final advantage for the New Brunswick government is that the ALC is delivering a steady stream of revenue, from a larger share of VLT gambling profits, which has been constantly increasing annually.

Will the legitimisation of other so-called "vices" follow in the same fashion? Have all ethical concerns with VLT gambling been effectively settled, or only shoved-off for the moment?

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