A rhetorical situation: Contemporary arguments on the legalization of gambling in America

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A RHETORICAL SITUATION: CONTEMPORARY ARGUMENTS
ON THE LEGALIZATION OF GAMBLING
IN AMERICA

by

Jan Lewellyn Davidson

A thesis submitted in fulfillment of the requirements for the degree of

Master of Arts

in

Communication Studies

Hank Greenspun School of Communication
University of Nevada, Las Vegas
May, 1997
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May, 1997
ABSTRACT

Lloyd Bitzer’s (1992) definition of a rhetorical situation is applied to a historical review of the rhetoric surrounding the legalization of gambling in America. The Indian Gaming Regulatory Act of 1988 invites rhetoric from tribes, the gaming industry, elected government officials, anti-gambling coalitions, and states. Consistent rhetorical participation by these parties gives significance to gambling in America. A review of the rhetoric on legalized gaming illustrates the vacillating public opinion of legalized gambling in America. This study delineates Indians’ poor living condition on reservations as the existing situation initiating rhetorical discourse. While all parties continue to debate their respective positions, Nevadans’ concerns lie with deficient regulatory controls on Indian gaming operations. Absent effective gaming policies and regulations, it may be anticipated that organized crime will infiltrate Indian gambling. This infiltration may lead to federal oversight of all legalized gambling in the United States, whether on or off the reservations.
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Chapter 1

A Rhetorical Situation: The Legalization of Gambling in America

The rhetoric

[W]e not only have a moral duty to deal fairly with our American Indian tribes, but a legal trust obligation as well. In too many instances, we have gone back on our word in dealing with Indian country. Let us make sure that in amending IGRA, we don’t do it again. -Faleomavaega, U.S. delegate, American Samoa (S.487: Gaming Regulatory, 1995).

Rather than resolve Indian gambling problems between states and tribes, Congressional passage of the Indian Gaming Regulatory Act of 1988, (commonly called IGRA), created controversy. IGRA drew judicial challenges and provoked political arguments surrounding Indian sovereignty versus states’ rights.

Faleomavaega testified against additional Indian gaming regulations to IGRA recommended in S.487. He emphasized that “Indian gaming is not commercial gaming. Indian gaming is run by Indian tribal governments for the benefit of its citizens” (S.487: pp. 100-101, 1995).

This study noted that Faleomavaega and other supporters of casino-style games on Indian reservations referenced the playing of casino-style betting as “gaming” instead of “gambling.” Opponents of legalized casino-style betting described the act of betting as “gambling,” instead of “gaming.” These coalitions also used the term “gambling” in their
organization's name. For example, the National Coalition Against Legalized Gambling (NCALG) is an alliance organized to stop or restrict the spread of legalized gambling across the nation, despite location. Two pro-casino associations, the National Indian Gaming Association and the California-Nevada Gaming Association, favored the term "gaming." While the reason for their choices is unknown, they speculate that the term "gambling" projects a greater risk factor than "gaming." This study discovered that opponents of gambling purposely used the term gambling. Testimony recorded by Congress and cited throughout this chapter on S.487 recorded this interchangeable usage of "gambling" and "gaming." Following the industry's lead, this thesis also uses the terms "gambling" and "gaming" interchangeably.

S.487's joint hearing generated attention from persons attempting to control the debates on the future of legalized gambling. Lobbyists, coalitions, gaming associations, politicians, and scholars presented testimony on S.487. At the joint hearing on S.487, Senator Harry Reid (D-Nev.) testified IGRA's intent was to ensure Indians the same opportunities as non-Indians in states where reservations are located (p.103). On June 22, 1995 Reid told committee members that judicial decisions favoring tribal sovereignty resulted in Indian gaming's presence nationwide. His message to the joint committee supported amending IGRA. Reid advised the committee IGRA required clarification to better convey Congress' intent. He further testified that it was time for Congress "to show some leadership and do something" (p.103).
Reid, against forcing legalized gaming into a non-gaming state via an Indian gaming compact, said,

Remember, the purpose of the Indian Gaming Act ... was... to allow Indians to do everything that non-Indians could do in a State relating to gaming. That has been turned on its head. ... [W]e in Nevada, ... were the first state in the union to come up with a gaming compact with an Indian tribe. So if the original intent of the law is there, all states can meet the standard. The problem is ... the original intent of the Act has been stood on its head, I repeat (S.487: p. 103).

Richard Hill, Chairman of the National Indian Gaming Association (NIGA), presented NIGA’s position that favored decreasing federal regulatory controls on legalized Indian gambling. Hill testified,

Indian gaming has been one tool that has worked for Indian people. It has afforded Indian people an opportunity to compete with mainstream society on some levels through the gaming revenues. It has nurtured respect from other competitive businesses in terms of gaming. ... Native Americans need to work toward self-sufficiency in its purest form in this fine country of ours. All of our resources have been taken. We’ve been beat down over time (S.487: p. 150).

The written statement submitted by Senator Richard Bryan’s (D-Nev.) for entry into the hearing record on S.487 read, in part,

Seven years ago, this committee [Senate Committee on Indian Affairs] was faced with an extremely complicated and difficult challenge when the Supreme Court decided the California v. Cabazon Band of Mission Indians case. You were asked to design a system where the states and tribes could resolve disputes over what gaming activities tribes could engage in. The Indian Gaming Regulatory Act of 1988 (IGRA) was the Congressional response. It attempted to draw a fine line between states’ rights and tribal sovereignty.

In spite of the committee’s best efforts, IGRA has not worked as well as hoped. Some states and tribes have been able to negotiate compacts without the situation escalating into conflict and litigation. Nevada, for example, has in place two compacts with tribes that were negotiated with relative ease. These tribes are operating gaming establishments in accordance with state law and through regulation of the Nevada Gaming Control Board just as any other non-Indian casino. ... As the members of this committee know, far too many states and tribes have not been so fortunate and the system set up in current law invites these
conflicts. That is why your efforts to address these is so important ... They relate to the key issues of: 1) scope of gaming; 2) compacting; 3) after-acquired lands (pp. 153-154).

Testimony submitted by both Senator Bryan and the National Governors' Association (NGA) expressed concern with regard to after-acquired lands. Trust lands owned by tribes rented to non-Indians for the development of resorts allowed non-Indians to avoid state imposed gaming restrictions. The National Governors' Association (NGA) opposed S.487 as it allowed "federal intrusion into a state public policy development at its most fundamental level" (S.487, p. 174).

Testimony provided by Faleomavaega, Hill, Reid, and Bryan demonstrated how differing opinions attached significance to a situation. In that regard, the situation concerned the proliferation of Indian gambling without increased federal regulation. The testimony and statements presented at the June 22, 1995 joint hearing on S.487 are representative of the arguments surrounding Congressional intent and the implementation of IGRA. While all parties agreed on the goal of tribal self-sufficiency, interested parties disagreed on gambling's impact on quality of life issues. Disagreement also extended to the establishment of federal regulatory standards and controls on Indian gaming. Arguments between states and tribes as to who really controlled Indian gaming operations is found in hearings, print, and on the Internet. One of the major arguments among interested parties focused on the interpretation of IGRA's Class III (casino-style) gaming regulations. A major disagreement occurred on the definition of states' actions which constituted "opening the door" to Class III gaming on reservations. The scope of gaming and a governor's responsibility in the acquisition of trust lands within the state
also concerned the National Governors' Association (NGA).

**Purpose**

The purpose of this study is to determine if Lloyd Bitzer's theory (1992) that rhetoric is situational could be applied to the arguments surrounding the spread of legalized gambling in America. This study considers the slow economic growth in America as the situation that elicited a response resulting in legalized gambling on Indian reservations and throughout America. Legalizing gambling in America began slowly, with Nevada as the only state which allowed casino-style gambling. Many states adopted gambling in response to poor economic growth. The legalization of gambling in America occurred in stages. Gambling was the response to the situation of poor economic growth in states and on reservations. The rhetoric surrounding legalized gambling occurred in stages. A rhetorical situation consists of these constituents: (a) a situation exists, (b) discourse gives significance to the situation, (c) the discourse creates an urgency for change to occur, (d) those involved or affected by the situation are the audiences who keep the rhetoric on the situation alive, (e) constraints on the rhetoric are present either through the rhetors or the situation, (f) the rhetoric, through thought and action by the rhetors, alters the situation as it changes reality (Bitzer, p. 6) Legalized gambling on Indian reservations brought debate between tribes and states. The argumentation on legalizing gambling created an urgent situation. Tribes and states looked to the judicial system for resolution. The courts' decisions favoring tribal sovereignty over states' rights got the attention of Congress. Legalized gambling's impact on society in America is now the subject of a Congressional commission. The outcome of that study may affect
public policy on legalized gambling in America.

Rhetorical situation theory presented by Lloyd Bitzer in 1968 and in 1992 enables communicators clearly to distinguish the genesis and importance of a situation. Bitzer's (1992) theory defined the situational approach to rhetoric (Philosophy & Rhetoric). This study applies that approach to the arguments surrounding gambling, both on and off the reservations. Gaming industry lobbyists, tribes, anti-gambling coalitions, and states' elected policymakers use persuasive speech to change federal regulations governing Indian gaming. The study of legalized gambling on Indian reservations expanded nationwide when Congress elected to adopt a bill establishing a panel to investigate gambling impact in America.

**Methodology**

Bitzer's theory (1992) defined rhetoric as situational because it occurs in response to a situation. Rhetorical discourse is pragmatic, exists because of something beyond itself, and alters reality. Bitzer also wrote that rhetorical discourse sets the tone defining the exigency of the situation through certain constraints. These constraints are "persons, events, objects, and relations. The constraints are parts of the situation because they have the power to constrain decision and action needed to modify the exigence" (Bitzer, p. 8).

In this study the substandard living conditions on reservations represent the first situation demanding change. Debates concerned the treatment and economic plight of Indians occurred as settlers traveled west looking for land to homestead. The situation was urgent when Congress adopted the Indian Gaming Regulatory Act (IGRA).
Judicial challenges of IGRA since 1988 attached significance to the arguments surrounding the expansion of legalized gaming onto Indian reservations. The anti-gambling coalition opposing legalized gambling lobbied Congress to restrict or place a moratorium on legalized gambling. Appendix II consists of those materials sent to prospective members from NCALG’s information center located in Orem, Utah. NCALG’s anti-gambling newsletters cited increased social problems and crime in areas allowing legalized gambling. Congress responded to NCALG’s lobbies through legislation created that would seat a commission to study the impact of legalized gambling on society nationwide.

The presence of constraints, as defined by Bitzer, control the arguments and exigence of the situation. Congress’ power to alter the way in which legalized gambling is conducted throughout America makes Congress a constraint. Other constraints are the supportive and non-supportive factions of legalized gambling, on and off the reservations. The constraints surrounding legalized gambling nationwide are now of concern to Nevada’s policymakers. Nevada’s history makes it unique among other states because of the existence of legislative records documenting the history of legalized gambling within the state. This documentation shows that the 1929 Depression negatively impacted Nevada’s economy. In 1931, Nevada’s policymakers realized mining could no longer solely support Nevada’s economy. The state legislature’s 1931 passage of a bill legalizing gaming as a revenue producer for the state is discussed in Chapter 2, “Nevada’s new tax revenue base-gambling.” Controversial debates, including those by Nevada’s policymakers, and writings of parties interested in the
future of legalized gambling produced a rhetorical situation, as defined by Bitzer. This rhetorical situation currently in Congress possesses the capability of shaping a new or amended public policy on gaming as arguments on IGRA’s implementation continued.

Tribes’ and states’ disagreement on the implementation of IGRA resulted in several constitutional law tests. When the Indian Gaming Commission, created within IGRA, failed to enforce IGRA’s mandates, the number of participants debating Indian gaming issues grew. Numerous anti-gambling coalitions, scholars, and discussion groups joined in the debates surrounding Indians’ sovereignty. Members of congress are now hearing from constituents opposing legalized gambling. The escalation of legalized gambling’s importance, via the Internet and Congressional action, is comparable to the changes in public policy throughout history. For instance, the Civil Rights Movement in the United States during the late 1950’s and 1960’s represented a specific condition that altered public policy through discourse, thought, and action. Using Bitzer’s theory on rhetorical situations, the current debates surrounding homelessness in America and the affordability of health care in America are rhetorical situations, both of which could change public policy.

The role of gambling in public policy became convoluted as anti-gambling factions joined in the rhetoric. While many states and tribes viewed legalized gambling as a revenue raiser, opponents viewed gambling as immoral or a breeding ground for criminal activity. Until 1995, most arguments presented in testimony on the Indian Gaming Regulatory Act focused on Indian sovereignty and states’ rights issues. The National Coalition Against Legalized Gambling (NCALG) introduced itself to
grassroots anti-gambling campaigns throughout the country in 1995. The NCALG became the headquarters through which all other coalitions could network. Collectively these anti-gambling coalitions gained the attention of America, whereas singularly their strength diminished. Its methods of building coalitions support Bitzer’s theory. The birth of a rhetorical situation occurs as awareness, through thought and action, builds on a particular subject. Bitzer wrote, “the situation is the source and ground of rhetorical activity and ... of rhetorical criticism” (pp.5-6). In this study, Congress’ domination over Indian lands and the displacement of tribal nations demonstrated that the Indians’ poor living conditions created the need for America’s guidance and protection. America’s domination of the Indians in the 1800’s defined the original situation demanding rhetorical response. The situation began as one of economics.

A lack of economic growth on the reservations left tribes in need of health care, better living standards, and employment. Indian nations situated within states’ boundaries turned to the industry which launched Nevada’s success at maintaining a healthy and growth oriented economic base, “gambling.” Congress is now actively reconsidering its role in establishing gambling regulations and providing oversight of all gambling in America. For comparison purposes, whenever it felt appropriate to do so. Congress used its authority to change Indians’ lives. The relationship that existed between Congress and Indians shows how Congress acted in Congress’ best interest throughout history on Indian legislation. The federal government’s stormy relationship with Indians over the past 200 years led the Indians to seek new revenue avenues. Raising revenues via gambling on reservations may be one of the last attempts by
Indians to revive their economy after 167 years of being subservient to Congressional action.

Gambling on Indian reservations began to occur in states prohibiting casino-style gambling. As gambling spread nationwide, anti-gambling coalitions began to form. Supportive and non-supportive players of legalized gambling vocalized their opposition through testimony, print, and the electronic media. Opponents of gambling flooded the Internet with statistics on the relationship between gambling and crime. Coalitions such as the NCALG use studies provided by students and scholars of political science, public policy, and social services' when linking increased crime and mental illness with legalized gambling. Arguments surrounding the merits and problems of legalized gambling on the Internet drew public opinion response. A significant situation, according to Bitzer, invites discourse. As responses occur, situations may be altered. A new situation may then occur along with a change in public policy.

**Congress' domination over Indian lands: Has it helped or harmed the reservations' economy?**

History reminds us that in response to civilization pushing the frontier westward, Congress and the courts were forced to establish Indian doctrines. The first doctrine adopted by Congress was the **Northwest Ordinance of 1787**. Thompson's *Native American Issues* (1996) chronologically placed the drafting of this doctrine in conjunction with the federal government's recognition of Indian reservations in 1786. The **Northwest Ordinance of 1787** recognized Indians' lack of education. The Ordinance required the Indians' consent prior to the taking of Indian land by a non-Indian (p. 92).
The Ordinance, as it appeared in the Constitution in 1789, read,

The utmost good faith shall always be observed toward the Indians, their lands and property shall never be taken from them without their consent; and in their property, rights, and liberty, they shall never be invaded or disturbed, unless in just and lawful wars authorized by congress; but laws founded in justice and humanity shall from time to time be made, for preventing wrongs being done to them, and for preserving peace and friendship with them (Encyclopaedia 13:221).

Judicial decisions at the United States Supreme Court level played an important role in the history of the relationship between the United States and the American Indians. In Worcester v. Georgia (1831) the Supreme Court determined that although Indian nations were weaker in power than the United States, the nations still had a right to maintain their self-government and independence while associating with, and seeking protection from the stronger United States.¹

Changes in policy toward the Indians continued to shift from one extreme to the other throughout history. The first shift occurred via legislation with the Indian Removal Act of 1830. Pursuant to this Act and as negotiated by the President, Indians held perpetual title to lands west of the Mississippi. Civilization moved westward in 1848 and with it three decades of Indian wars. Indians were once more forced to relocate.

The next change in public policy, according to Thompson's Native American Issues (1996) referenced the government's treaties with the Indians. Thompson described this 1871 action as, “Treaty-making process ended” (p. 149). Adopted as 16 U.S. Statute 566, this act amended the treaty-making process. Thompson’s Native American Issues (1996) quoted the 1871 amendment as establishing “no Indian nation or tribe would be recognized as an independent power with whom the United State may contract by treaty” (p. 149).² It was during that particular time Congress legislated itself as the overseer of
Indian affairs.

The major legislation contributing to the economic plight of Indians was The Dawes General Allotment Act of 1887. This Act allowed non-Indians to take 86,000,000 acres (or 62%) of a total of 138,000,000 acres held in Indian ownership.\(^3\) Congress' passage of policies governing the lives of Indians led to the poor standard of living conditions suffered by tribes on reservations in the 1800's and early 1900's. Indians' standard of living changed dramatically, as did their population from the mid-1700's to the early 1900's.

A 1926 survey discovered most Indians to be in extremely bad health, in need of education, and lacking adjustment to the dominant culture around them. Congress, based upon the survey's results, adopted the Indian Reorganization Act of 1934. The Indian Reorganization Act decreased federal control and supported Indian self-government (Thompson, 1996). The Indians' living conditions during this time period led to their search for an economic base that would raise revenues for the provision of health, education, and welfare benefits. Each new situation forced upon the Indians in the 1700's, 1800's and 1900's introduced a change in public policy. For instance, in the 1900's Congress responded to the Supreme Court's decision in a judicial challenge by a state against two tribes, California, et al v. Cabazon Band of Mission Indians, et al (480 U.S. 202 1987). Congress developed and adopted the Indian Gaming Regulatory Act of 1988 in response to the Cabazon decision.

In 1996 Congress again reacted to a judicial decision relative to Indian gaming. The United States Supreme Court decided in Seminole Tribe of Florida v.
Florida, et al (1996) sections of IGRA unconstitutional. Reacting to this finding, Congress adopted a bill establishing a panel to study the impact of legalized gaming on the public’s health and welfare nationwide. Congress’ original focus of legalized gambling on Indian reservations is now discombobulated. Legalized gambling throughout America is on public trial. It is this discourse which is fascinating and ripe for study by rhetorical critics.

Justification

The application of rhetorical theory and criticism to the arguments surrounding the legalization of gambling in America has not been undertaken previously. While other states suffered economic depressions, Nevada continued to grow. Nevada’s gaming industry grew strong as its population and tourism demanded gaming entertainment. States desiring to duplicate Nevada’s success either legalized gaming or instituted state lotteries. Excepting Utah and Hawaii, all states now allow some form of gaming. Rhetorical theory allows critics a complete and objective view of a situation. They study all aspects of the situation, allowing easy evaluation of the situation’s evolution or stagnancy. Nevada’s economic future relies on the gambling industry and the tourism created by that industry. Congressional arguments and impact study panels on the legalization of gambling could lead to legislation harmful to Nevada. Studying the rhetoric of all interested parties gives Nevada lawmakers a better grasp of political positioning. Nevada’s lawmakers need to react accordingly, anticipating the moves of all interested parties.
Nevada gaming operators react to Indian gaming

Once individual members of the Nevada Resort Association (NRA) determined working with the Indians on gaming projects could be profitable, Nevada’s gaming operators abandoned the position of the NRA and Nevada’s policymakers. Nevada’s Congressional delegation, gaming regulators, and operators concerned themselves with the impact under-regulated Indian gaming might have on Nevada’s gaming industry. For example, Bill Bible, Nevada’s State Gaming Control Board Chairman in 1993, was quoted in two daily Las Vegas newspapers,

If gaming becomes widespread in the state of California, I don’t think it’s good news for the state of Nevada. If they are allowed slot machines, the next thing the machines will be allowed on other reservations. Then the state will consider legalizing it to draw revenue, especially with the fiscal problems it’s having (“Cal casino may hurt,” 1992; “Casinos fear,” 1992).

Gaming industry representatives viewed the impact of California’s possible legalization of gaming differently. Waddell reported,

Roger Lee, Caesars World chief financial officer, said the company isn’t lobbying the government to allow casino gambling. However the company wants to manage the Agua Caliente gambling hall on the chance casino gambling would be permitted (“Cal casino,” 1992).

Alan Feldman, spokesperson for the Mirage Resorts, Inc. said,

They [Cahuilla Indians] still have to get a compact, and the state has been against allowing slot machines. It’s extraordinarily unlikely it will have any impact on Las Vegas (“Cal casino,” 1992).

Nevada’s gaming regulators and Congressional delegation recognized that Nevada’s self-regulatory gaming powers could be jeopardized. In theory and on paper, the Secretary of the Interior, through a National Indian Gaming Commission established
by IGRA, controlled gambling on the reservations and mediated compacts between states and tribes.

During the 104th Congressional Joint hearing held June 22, 1995 Senator Reid (pp. 102-104), Representative Solomon (R-NY; p.105), Representative Torricelli (D-NJ; pp. 108-110) and DiGregory, Deputy Assistant Attorney General, Criminal Division of the Department of Justice, reiterated the intent of IGRA. DiGregory told committee members,

[D]espite important economic gains made by Indian tribes in certain areas, Indian people continue to suffer serious economic deprivation which exacerbates social problems in Indian Country. The Indian Gaming Regulatory Act has provided one of the few successful avenues of economic development in Indian Country (p.124).

As more tribes and states began turning to the judiciary for interpretation of IGRA, numerous Congressional bills amending IGRA began to surface. Congress broadened its focus on gaming. Introduced in both the Senate and House of Representatives, proposed legislation addressed taxing gaming, states’ rights, Indian sovereignty, and the impact of legalized gaming upon the health and welfare of the public nationwide. Congress still lacks gaming regulations for Indian gaming and gaming enforcement. Federal oversight, including enforcement, of all legalized gaming in America remains a legitimate concern among Nevadans.

The remaining chapters of this study review the arguments and political speeches among all parties involved or interested in the legalization of gambling in America. This study found the debates surrounding the proliferation of gambling in America illustrated rhetoric’s effect on reality. The lack of federal oversight on Indian
gaming was the subject of Nevadans' discourse surrounding gaming's legalization on reservations. A review of that continued discourse, arguments generated in the press, formal hearings, and at conferences is the subject of this study. A review of the rhetoric available allows for the discovery of patterns in discourse. The same words spoken by the same interested parties presents a picture of non-movement, or stagnancy.

This thesis memorializes arguments among the parties involved in Indian gaming and the legalization of gambling nationwide. Hopefully, this study will assist in the discovery of a compromise acceptable by all parties concerned with the legalization of gambling both on and off the Indian reservations. Arguments among public groups, such as the National Coalition Against Legalized Gambling (NCALG), the Nevada Resort Association (NRA), the California Nevada Indian Gaming Association (CNIGA), the National Indian Gaming Association (NIGA), the National Governors' Association (NGA), the American Gaming Association (AGA) and numerous tribes' and states' gaming commissions favoring or challenging amendments to IGRA contributed to this study's review of gaming discourse.

Review of Literature

Research consisted of written materials delineating the changing dynamics of Indian gaming. Nevada's efforts to stave off an anti-gaming movement presented a unique type of discourse. This unique discourse changed directions sometime between 1992 and 1994. The concerns of Nevada's policymakers, regulators, and gaming industry operators of the barely regulated gaming found on Indian reservations became stronger as the anti-gaming forces became vocally involved with federal legislation and public
opinion polls. The economic plight of Indians on reservations was, and still is, a situation inviting utterance by Indian gaming supporters, including policymakers, and tribes demanding change.

The existence of a growing conflict among ideologies adopted by anti-gambling coalitions and legalized gambling supporters is found on the Internet. The Internet is a popular place for displaying persuasive speech as it reaches millions of people in an instant. Supporters of legalized gambling viewed gaming as a step toward “curing” sagging economies. However, with legalized gambling comes infrastructure needs. Those needs also require money. Available source materials used were books, newspaper articles, magazine articles, editorials, commentaries, scholarly conference papers, court decisions, legislation, congressional testimony, academic essays relative to rhetorical theory on political rhetoric, along with position papers and writings found on the Internet focusing upon anti-gaming and pro-gaming legalization propaganda.

Dombrink and Thompson's (1986) "Report on Organized Crime and Its Implications for Commercial Gaming in America" is referenced as it recommended policy alternatives for Congress' consideration on the regulation of gambling in America. This report suggested a moratorium on legalizing reservation gambling. The authors, appointed by President Reagan, made their recommendations to Congress in 1985.

Keeping with their involvement in Indian gaming issues, Dombrink and Thompson's (1990) *The Last Resort: Success and Failure in Campaigns for Casinos* outlines gaming's movement from a sinful, illegitimate industry to a publicly held industry. Thompson's newest contribution to the study of Indian gaming, *Native American Issues* (1996), was instrumental to this study in developing the background on the economic plight of Native Americans in the United States after the American Revolution. A 1992 conference paper submitted by Thompson to the Midwestern Governor's Conference and presented at the University of Michigan, titled, "A Level Playing Field: Legalized Gambling and the Public Interest," invites,

a... national structure that will facilitate the public interest in gambling policy; ... an immediate moratorium... placed upon all new legalization of gambling operations on Indian reservations (pp. 11-12).

Thompson also notes that a 1992 subcommittee of Nevada legislators proposed that the 1993 Nevada legislature send a resolution to Congress requesting a five-year limit on new Indian gaming compacts and a moratorium on Indian gambling until the current debates on the interpretation of the *Indian Gaming Regulatory Act* may be settled (p.12).

From 1992 through 1994, the rhetoric increased among those interested in gaming's legitimization as an untapped source of revenue countrywide. The American
Indian Gambling and Casino Information Center, sponsored by the National Indian Gaming Association (NIGA) in Washington, D.C., began using the Internet as a means of indoctrinating millions of people into accepting Indian sovereignty and legalized gambling on reservations. Through the Internet, NIGA offers articles focusing on the positive economic impact gaming on reservations has on the welfare state of the tribes, downplaying or standing silent on states’ rights being denied and the introduction of a criminal element into the states via the reservations.

The National Coalition Against Legalized Gambling (NCALG) Internet Resource Center (IRC) sends articles such as “Legalized Gambling - Examine the Fact,” “Citizens Support Tools,” and “Regional and National Initiatives” across the Internet and through the mail. As a source which reaches millions of people in one moment of time, the Internet is a popular tool among politicians, coalitions, and organizations in the selling of gambling to America. It is flooded with resource materials, articles, information links, and membership drives by both opponents and proponents of legalized gambling. The federal government used the Internet whenever it delivered messages to America. For example, Ada E. Deer, Assistant Secretary of Indian Affairs, U.S. Department of the Interior, interacted with on-line users through the provision of a link to “Talking Points on Indian Gaming.” The Internet topic, “Indian Gaming” lists as one of its links a Cornell University Indian gambling article titled, “Indian Gaming generates Extensive Economic Opportunity Amid Compromise,” published in Cornell’s Native Americas magazine (Indian Gaming Casino Links 1997).
Chapter Outline

Chapter 2, “Gaming in Nevada: A Historical Overview” reviews Nevada’s tax revenue base as it shifted from mining to gaming. This chapter illustrates the importance of the gaming industry’s survival to Nevadans. Probes of Nevada’s past rhetoric surrounding casino style gambling led to reports of Nevada’s legislators’ debates on the subject of gaming. Arguments made in testimonies, editorials, demonstrations, and newspapers reportedly catapulted the anti-gambling movement to success in 1909. Nell Davis’ diary of a frontier woman living in Clark County titled Las Vegas. The Way It Was. Diary of a Pioneer Las Vegas Woman. (1978) documents how the legislative debates from Carson City were reported in the Las Vegas Age newspaper to Southern Nevadans. Another resource on Nevada’s gaming history includes Cabot’s books (1991), Nevada Gaming Law and Nevada Gaming Law, Second Edition. These publications presented an insight on the evolution of gaming as a legal industry from the late 1800’s through the 1980’s. The second edition also includes the development and implementation of gaming regulations in Nevada.

“Indian Gaming: Judicially and Legislatively Speaking,” the subtitle for Chapter 3, recaps the discourse of state legislative hearings and the introduction of federal legislation addressing Indian gaming’s political and constitutional issues. Judicial decisions leading to the Congressional development and adoption of the Indian Gaming Regulatory Act of 1988 are discussed throughout. Arguments exchanged in public forums by policymakers, regulators, and gaming industry operators documented in this study represent rhetorical discourse capable of altering public policy. Debates on
legalized gambling included gambling’s effects on the health and welfare of families living on reservations with Indian gaming and the expense of infrastructure needs for gaming’s success. The arguments surrounding legalized gambling give significance to the situation. Significance of a situation is one of Bitzer’s conditions of a rhetorical situation.

Chapter 4 focuses on anti-gaming forces’ defeat of gaming referendums on states’ ballots. Titled, “Rhetorical Arguments on Indian Gaming,” Chapter 4 reports on the impact of gambling on communities, including reservations. Sources quoted in this chapter include newspaper reports, Internet newsletters, and gaming industry operators’ testimony on the Indian Gaming Regulatory Act of 1988. This chapter represents several of Bitzer’s conditions defining a rhetorical situation. A situation is considered rhetorical if it requires discourse and is capable of altering reality (Bitzer, p. 8). The arguments show that the situation of legalized gambling in America is of concern to the general public. It is a topic generating considerable discourse. Constituents are pressing Congress for regulations and active oversight of Indian gaming. As previously discussed, Congress responded by adopted legislation requiring the study on the impact of gambling. This action by Congress represents the capability of Congress to alter current policy on the legalization of gambling in America.

Chapter 5, “Legalized gambling: Its future,” evaluates politicians and all other interested parties’ opinions on proposed legislation pertaining to legalized gambling. Debates centered on the federal government’s reaction to the Supreme Court’s decision in Seminole Tribe of Florida v. Florida, et al. (1996). The Court found IGRA violated the
11th Amendment of the United States Constitution. State governments asserted that tribes could not sue the states for failure to negotiate a compact [agreement] pursuant to IGRA as the Constitution prohibited such a suit. As the Indians are considered legally sovereign nations, IGRA violated the 11th Amendment, asserted states' policymakers. Seminole Tribe of Florida v. Florida, et al. (1996), upheld states' rights, setting the stage for the current congressional debates regarding legalized gambling. The public's change in attitude toward gaming and in gaming public policy sets the tone for the conclusion of this thesis.

Additionally, the Appendices of this thesis include executed permissions to use copyrighted materials, newsletters distributed via mail by the National Coalition Against Legalized Gambling (Appendix II), the transcript of a taped interview with Chair of the Nevada Gaming Commission in 1994 William "Bill" Curran (Appendix III), Senator John McCain's statement to the Arizona Indian Tribes (Appendix IV), Senator Daniel K. Inouye's address to the United South and Eastern Tribes (Appendix IV), Testimony of Tom Grey, Executive Director, NCALG (Appendix IV), Congressional information on the "National Indian Gaming Commission (H.R. 497)," including the list of its congressional sponsors (Appendix V), Representative Frank Wolf's address to Congress on H.R. 497 (Appendix V), and "Indian Gaming: Profit, Prayer, or Prophecy?" by Kathryn Gabriel (Appendix VI).
Chapter notes

1 Chief Justice John Marshall wrote that Indian nations were always, “distinct, independent, political communities, retaining their original natural rights, as the undisputed possessors of the land from time immemorial. . . . The settled doctrine of the law of nations is, that a weaker power does not surrender its independence, . . . its right to self-government—by associating with a stronger, and taking its protection.” Thompson, Native pp. 136-137.


3 This land allotment legislation was the result of a mind set that reservation life encouraged laziness, idleness, and perpetuated Native customs and attitudes, holding Indians back from assimilation into mainstream America. This allotment resulted in a generation of landless Indians. Epidemics decreased Indian populations, as did displacement. Indians became known as “the vanishing American” Thompson, Native. pp. 11, 24, 98.

4 Note. Las Vegas, The Way It Was, Diary of a Pioneer Las Vegas Woman by Georgia Lewis, edited by Dee Coakley, owned and published by Las Vegas Sun, Inc. Las Vegas, copyright 1978 by Las Vegas Sun, Inc. is reprinted with permission.

Chapter 2

Gaming in Nevada: A Historical Overview

Sources referencing legalized gambling often note Nevada’s success regulating the gaming industry. In testimony and interviews, Nevada’s gaming policymakers, owners, and operators often refer to Nevada’s gaming regulatory policies as the standard for others to follow. This chapter examines how Nevada shifted its tax revenue base from mining to gambling, eventually depending upon gambling revenues as its economic base.

Gambling’s history in Nevada started in the mid-1800’s. Regulations were adopted by the legislature in the 1960’s. As Chapter 2 illustrated, Nevada’s elected officials, policymakers and gaming operators worked together to develop regulations. Through experiencing what works and what doesn’t work, the State’s elected officials established a regulatory system consisting of two appointed boards, the Gaming Control Board and the Gaming Commission. However, prior to gaming becoming Nevada’s major source of revenue, mining supported the State, and Northern Nevada, where the major mining operations are located, became the most populated area in Nevada.

Northern Nevada’s population grew as mining became the State’s major industry. Investments by California banks supported the region’s boomtowns, drawing other entertainment, resulted in temperance movements and anti-gambling sentiment.
Crime increased in boomtowns where gambling and liquor were allowed. Gaming’s influence on Nevadans’ quality of life is found in historical documents, such as newspapers, pioneer writings, and legislative records.

**Mining’s demise and Gambling’s triumph as Nevada’s major revenue base**

Nevada’s history is unique as it was the first state to successfully legalize gambling. However, the legalization of gambling did not occur until 1931 after gambling was outlawed by the legislature in 1909. Gambling’s legalization was in response to a deteriorating economy after the stock market crash in 1929. The executive and legislative branches of government found mining could no longer subsidize the State’s treasury. Nevada’s shift from mining to gaming as a revenue base was achieved through emotional debates, the anti-gambling and temperance movements, and gaming’s influence over county treasuries.

With the advent of the gold rush and the discovery of the Comstock Lode in Northwestern Nevada, people hastened from all over the world to live in the west. Money bred power, cultures created civilized boomtowns, and the printing press spread the word on gold and ore locations. The discovery of gold and silver in Northern Nevada in 1859 ushered in an affluent society from San Francisco and other parts of the country (LCB Bulletin No. 93-4, p. 2). Gambling was a form of entertainment for miners, ranchers, and businessmen in the boomtowns.

In 1863 the Nevada legislature made gaming illegal within Nevada’s boundaries. Hosting any form of gambling was a felony, with bettors facing fines and jail
time. In 1869 Governor Henry Blasdel vetoed a measure legalizing gambling; however, the legislature overrode his veto. Even though gaming was legal, its revenues played an insignificant role in the overall state budget. For the next thirty years anyone desiring a gaming license needed only apply. The professional gamblers were prohibited from gaming via regulation. It was a criminal offense to ignore this prohibition (Cabot, 1991, p. 3).

Major gaming legislation from 1869 to 1909 addressed methods of collection and disbursement of gaming tax revenues, with state and local governments sharing the proceeds (LCB Bulletin No. 93-4, pp. 2-3). While the mining boomtowns pushed Northern Nevada’s population upward, the railroad in Southern Nevada brought new residents to Clark County. References to Lewis’ (1978) re-creation of Nell Davis’ diary, are used extensively to portray the lifestyle of early Las Vegas. Note. From “Las Vegas. The Way It Was. Diary of a Pioneer Las Vegas Woman (Diary), by Georgia Lewis, edited by Dee Coakley, 1978, Las Vegas: Las Vegas Sun, Inc. Copyright 1978 by Las Vegas Sun, Inc. Reprinted with permission. According to the book, the following journal entry of November 5, 1904, was made by Nell Davis concerning her stay in McWilliamstown-Las Vegas,

..[T]here are a dozen saloons already in business and a man alone might easily fall into temptations. The other women tell me gamblers and their girls are already in business (p. 1).

From 1907 to 1909, the anti-gambling movement began to take shape and gain momentum. Nevada’s Governor Dickerson’s position favored the anti-gambling law. Senator Nixon’s Reno Evening Gazette newspaper led the fight against gambling.
On February 27, 1909, *The Goldfield News* predicted gambling in Nevada would soon be a thing of the past. Boomtowns' growth introduced social status and culture to Nevadans. Editorials from 1909 through 1911 predicted that gambling, a pastime considered immoral and sinful by many, would be outlawed in Nevada by the legislature.

GAMBLING in Nevada is bound to go ... Nevada is the only state in the Union where open gambling is allowed, and this has been a most humiliating condition to the citizens of the state ... [C]onditions are fast changing; the revenues of the counties and of the state are increasing; the population of the state is growing and the moral element predominating so, gambling must go; it is inevitable. ("Closing of Gambling," p. 4).

Continuing its efforts, on May 1, 1909, *The Goldfield News* editorialized on Nevada's potential greatness if her weaknesses were eliminated. Gambling did not escape the editor's criticisms.

THE NEW NEVADA - There is now only one condition that is operating to hold back the long expected revival in Nevada mining, ... For years Nevada ... was the outlaw state... where license winked at crime and the only penalty was that which man meted out to man. [W]hen the gold excitement broke out 'high finance' found Nevada an advantageous field from which to operate, ... Nevada ... has destroyed all the force for evil which had brought disrepute to the state and discredit and consequent calamity to her people ... Open gambling,... is doomed (p.3).

As indicated by the May 1, 1909 editorial, mining remained Nevada's revenue base and industrial concern. Boomtowns such as Goldfield and Rhyolite owed their existence to the continued success of the mining industry. Meanwhile, in Las Vegas, gambling for men and women was a part of every day life (Lewis, 1978, pp. 11, 19).

Nevertheless, the abolition of gambling was declared inevitable. The business interests of the State demanded gambling's eradication, declaring that every consideration of humanity, morality, and decency cried out for the suppression of
gambling. It was common to read in the local newspapers articles chastising those persons defending legalized gambling, and opposing anti-gambling legislation under consideration by the legislature. An excerpt of a 1908 article revealed,

...[N]o one but professional gamblers and gambling house owners and cheap politicians are lobbying against the anti-gambling bill - men who do not create or produce a single cent... If gambling is a good thing for a community, why has it been stamped out and driven from every other state in the union? ("All Against," March 13, p.3).

The above 1908 article reflects discourse similar to that used in a May 1996 article authored by the Executive Director of the Alabama Citizens Action Program (ALCAP), and sent over the Internet by the National Coalition Against Legalized Gaming, on Alabama citizens’ fight against establishing lottery-type gambling:

This “something for nothing” syndrome has prompted some Alabama legislators, a governor and an attorney general to join forces with concerned citizens and organizations who will not tamper with the state’s constitutional prohibition against lottery type gambling. Gambling ... is by nature parasitic, devouring the production of others. (Ireland, “Gambling fever: what” NCALG 1996).

Both anti-legalized gambling groups contributed, through continued media exposure, to the significance of the debates surrounding legalizing gambling. Both arguments are made in response to a possible change in public policy. While the years of the articles differ, the persuasive propaganda remains the same.

Continuing with mining’s history, when a petition drive in 1909 by the Anti-Gambling League ("League") of Reno failed in that city, the League turned to the state legislature. The League’s opposition at the legislature were casino owners and liquor dealers. Targeting legislators’ constituency, the League used political strategy when it declared “open season” on any legislator who did not vote in favor of their anti-gambling
Applying Bitzer's rhetorical situation theory, the 1908 and 1996 anti-gambling paragraphs attach a significance to gambling by anti-gambling supporters. Through their continued discourse, an urgency for policymakers to take action became apparent. To summarize, constituents of lawmakers create a need for a change in public policy through consistent lobbying efforts, whether grassroots or through a medium, such as television, radio, and newspapers.

The heart of the anti-gambling and temperance movements in early 1900's Nevada were grounded in emotion and economic interest. Editorials, committee testimony, demonstrations, and newspaper reporting heavily contributed to the successful passage of the Anti-Gambling Law of 1909. The prohibition of all forms of gambling occurred in 1909 when the legislature passed a law making gambling illegal after October 1, 1910. Reno became a strong merchant community, very much influenced by California's suffrage movement (Cabot, 1991, pp. 1-21). The Tonopah-Goldfield mining boom continued reviving the state's economy. Suffrage and temperance movements gained momentum by debating and lobbying the public against prostitution, gambling, and liquor.

The December 20, 1910, The Record-Courier reported the Anti-Gambling Law was not being enforced, citing the Attorney General's opinion that deemed slot machines could be operated without violating the law if the winnings were redeemable in
merchandise, cigars, and like items, but not in money ("All Gambling," 1910). This Attorney General’s opinion seemed to contradict the White Pine District Attorney’s printed opinion. The public perceived the acceptance of the slot machines in Esmeralda County by the Attorney General as the first attempt to re-open public gambling in Nevada. Public opinion predicted the next legislature in 1911 would amend the Anti-Gambling Law.

From January through early March, 1911, The Reno Evening Gazette published the Nevada legislature’s debates on the legalization of gambling. Although the legislature partially lifted the gaming ban in 1911, the morality movement demanded its reinstatement. The Reno Evening Gazette, on January 17, 1911, published the Governor’s keynote address, which touched on the subject of legalized gaming:

On the 1st day of October of last year the Act prohibiting gambling in Nevada went into effect, and its strict enforcement by the peace officers of the various counties and municipalities is a matter of just price. .... I am persuaded that public policy demands the strict enforcement of the law, and should information reach the executive that the ordinary peace officers of any county or municipality are delinquent, I shall not hesitate to use the state police directly in its enforcement (pp. 1-2).

Suffragettes and gaming operators strongly lobbied the 1911 Nevada legislators. From 1913 to 1931, only minor changes were made to the anti-gambling law. The legislature amended the Act to allow social games to be played for small prizes. The legalization of gambling became an issue during the 1914 gubernatorial campaign. In 1915, slot machines awarding prizes not exceeding $2 in value and poker were allowed (Cabot, 1991, p.6).

While amendments to the Anti-Gambling Law of 1909 were passed, it was not
until 1931 that the need for additional revenues in the State led to the re-legalization of open gaming. The 1929 Depression affected Nevada’s economy. Legislators viewed revisiting the legalization of gambling as logical. Nevadans perceived gambling as both an evil and a necessity. A rural lawmaker, Humboldt County Assemblyman Phil Tobin, introduced Assembly Bill 98, promoting the legalization of gambling. While Tobin did not drink or gamble, he realized gaming taxes could lift the State’s economy. Tobin also thought the current anti-gambling Act was unenforceable and attracted police corruption.

The following articles relate public rhetoric on Tobin’s proposed bill heard by the 1931 Legislative Public Morals Committee:

“Wide Open’ Gambling Bill To Be Presented In House Next Week Would Provide Flat License of $75.00 Per Month on Each Game-- Will Create Revenue and Promote ‘Monte Carlo’ Resorts.” With the legislature in recess, visiting assemblymen and senators predicted here [Reno] today that the projected ‘wide open’ gambling bill will be introduced in the lower house sometime next week. ... The bill is being sponsored for the double purpose of securing a license revenue from the gambling games that are allegedly operated despite the present law which makes all but a few games illegal and for the purpose of attracting tourists to proposed ‘Monte Carlo’ resorts in the state ( “Wide Open’ Gambling,” 1931).

“Gambling Bill Opponents Present Their Views To Legislative Committee- Women’s Clubs and W.C.T.U. Oppose Measure.” Opponents of the proposal to enact a law under which gambling in practically all its forms would be licensed in Nevada presented their views today before the legislative committee on public morals. They stressed the moral side of the proposed measure and declared it is a question of enforcing the present law prohibiting gambling and that to pass a new law would be a surrender to gamblers who violate the present statute (“Gambling Bill Opponents,” 1931).

“Gambling Bill”- We are having more or less discussion of the proposed new gambling law. The whole thing ... seems to amount to this: We already have wide-open gambling. Why not try to establish some regulation and get some benefits from it? (“Gambling Bill,” 1931).

On March 4, 1931, _The Reno Evening Gazette_ reported that a proposed
amendment to the gambling bill provided for an assessment of monthly fees per gaming table by local, county, and state governments. This monthly fee was based upon the population of the town in which the tables are located. The collected fees would be divided among the three governments ("New Fee Proposal," 1931).

Perhaps Nevada would not have turned to gambling had the federal government not owned 86 percent of the land in the State at that time, a fact which allowed few alternatives for economic growth. Nevada became the only state with open legalized gambling. After a vote of 24 to 11, the Nevada legislature legalized gaming in 1931. The only argument remaining between the gaming industry and the anti-gambling proponents was the contribution gaming would make to Nevada’s state and county treasuries.

Nevada’s new tax base: Gambling

Nevada created a new tax base in 1931 on which to build its economy, but it took more than ten years for Nevada to realize the revenue potential from the gaming industry. Lewis’ (1978) publication of Nell Davis’ journal records the atmosphere surrounding the debates relating to gaming tax bills.

...It is the stormiest session in our history .... Officially, some of the legislators have almost come to blows. Unofficially they certainly have. One of the largest issues is a proposed 2 percent retail sales tax, which to my mind would seem the best solution for the state’s financial woes. But many violently oppose it ... I just hope the legislature comes to some conclusion soon and adjourns before they all kill each other (p. 145).

With the gambling industry’s growth in Nevada came the State’s imposition of taxes on gaming. Rhetoric on gaming shifted from Nevada’s legalization of gaming to
gaming as a tax base. The Study of Gaming (LCB 93-4) summarizes the gaming related tax rate changes since 1945. Legislation in 1945 provided for a quarterly state license fee established at one percent of all gross gaming revenues exceeding $3,000 each quarter. It increased to two percent in 1947.

In fairness to the 1949 legislators, Ms. Davis noted that all of the physical and verbal arguments did not revolve around tax hikes. Nevada’s reputation as the western home to gangsters during the 1940's and the 1950's brought to the forefront organized crime in America.

Nell Davis' diary entries create a vision of small town Las Vegas’ struggles with organized crime infiltrating the gaming industry. She also portrays the pioneers’ and newly settled residents’ desire to protect Las Vegas’ image. Attempts by the federal government to tarnish the city’s reputation were not taken lightly (Lewis, 1978, pp. 132-136, 142-143). One 1949 journal entry in particular alludes to the mishandling of public funds,

..By the end of the year, $1,342,333,000 will have been spent in Nevada on gambling and the gamblers will gross $40,450,000 of it. But there is only $504,000 in the city till. Something is wrong somewhere (Lewis, 1978, p. 148).

In the meantime, a United States Senate Committee, chaired by Estes Kefauver of Tennessee, began investigating organized crime in America. Senator Kefauver’s committee issued the following statement on Nevada:

The licensing system which is in effect in the state has not resulted in excluding the undesirables from the state, but has merely served to give their activities a seeming cloak of respectability” (Cabot, Nevada Gaming 1991, p. 13).
It was reported that Chairman Kefauver and his committee,

concluded that many casino owners were members of organized crime or "had histories of close associations with underworld characters who operate those syndicates" (Cabot, p. 13).

Responding to the federal government's investigations, the legislature, in 1955, established the Nevada Gaming Control Board to regulate the gaming industry. In 1959, the legislature formed the Nevada Gaming Commission to oversee the activities of the Board. The 1961 legislature crafted a bill which called for the development of the Gaming Policy Committee. The Gaming Policy Committee was charged with holding hearings on gaming policy and making recommendations to the Board and Commission. Then, in 1967, Governor Paul Laxalt signed into law legislation allowing publicly-held corporations to own gaming facilities. In 1955, 1967, 1981, 1983, 1987, and 1989, Nevada's taxes continued upward, based on quarterly gross gaming revenues. In 1965, the Nevada legislature passed a casino entertainment tax. Fees and taxes on slot machines escalated from 1967 to 1972 (Bulletin 93-4, pp. 91-110, 197-204).

The shift from mining to gaming as Nevada's major revenue base proved successful in Nevada. The State and local governments' quest for a consistent, reliable revenue base on which to build Nevada's future pointed to gambling and the tourism gambling attracts. However, each session the gaming industry's lobbyists fight off arguments that gaming taxes should be increased to fund state and counties' needs. For example, during the 1993 legislative session, the Gaming section of the Las Vegas Sun was headlined "Should Nevada raise the gaming tax ante?" comparing Nevada's gaming operators' fees with those in Colorado, Illinois, Iowa, Louisiana, Mississippi, Missouri,
New Jersey, and South Dakota. Waddell’s article reported that “Gaining percentage taxes are higher in the eight other states which collect gaming revenues” (p. 1E). Her story continued with quotes from Bob Broniecki, president of the Clark County Classroom Teachers Association, advising that states looking for gambling taxes to improve education are making a mistake. “It’s really short-term thinking. They can’t tie their budgets to that or they will be riding a roller coaster” Broniecki said (p. 1E).

Fast forwarding to the 1997 legislative session which is still in session as of this writing, legislators once again heard arguments from constituents that gaming taxes, not sales taxes, should be raised to finance a $1.7 billion improved water and sewer delivery services project for Clark County. The Assembly Infrastructure Committee, on March 19, 1997, heard testimony from residents and gaming industry lobbyists. Vogel reported testimony on the hearing,

“I got it figured the casinos caused all this growth,” said Ken Brown, who testified via a television hookup with Las Vegas. “Why don’t they pay this tax increase?”...Resident Knight Allen said the bill under review by the committee only causes “the rich to get richer.” ...Allen said the current gaming tax is the lowest in the country and has remained stable over the years, while the sales tax rate has continued to rise. “People who have lived here already have paid,” added Juanita Clark, a resident since 1955. “When are we going to tax our gambling industry like other states have?” (“Residents urge,” p. 5B).

Continuing on, Vogel reported the Nevada Resort Association’s response.

Nevada Resort Association lobbyist Harvey Whittemore said his industry already pays about half of the taxes charged in the state. “We are obviously paying our fair share,” he said. Whittemore said it is natural for people to want others to pay taxes. “The best tax is always the one someone else pays,” he said (“Residents urge,” p. 5B).
Nevada’s successful economic growth became apparent nationwide.

Nevada’s successful development and regulation of the gaming industry is widely acknowledged across the country. As Indians began to open casino gambling halls on reservations with success, the states began to reconsider legalized gambling as a means of raising revenues. For example, the following appeared in newspapers from 1993 through 1996.

With gaming revenues up for seven straight months, Nevada is an economic island in a sea of recession. And analysts say the good times will keep rolling here...UNLV business management Professor Bill Thompson said although Nevada had some flat results last year, the state has never been in a recession. "We had more of a lull than a recession," said Thompson, a gaming scholar ("Thanks to gaming," 1993, p. 4D).

Las Vegas' economy held its own in 1992, growing moderately despite the lingering recession. ... "1992 was technically a year of economic recovery nationally, and even for us," said Keith Schwer, director of UNLV's center for business and economic research, which tracks the economy.... The strong increases in gaming revenues and retail sales at the end of the year indicate the recession has ebbed and conditions are improving, he said ("Las Vegas gets passing," 1993 p. 14E).

Two reports commissioned by the George Washington University National Indian Policy Center show that not only does a vast majority of the public support the right of Indian tribes to operate gaming facilities on their reservations, but that revenues from those facilities significantly benefit the communities surrounding the reservations. ..The report also includes reasons given by the respondents in Washington for supporting Indian gaming. More than 80 percent cited either economic considerations—jobs, revenue and reduction of welfare—or tribal sovereignty ("Study show public," 1993, p. A3).

There are a few state governors watching the success of some tribes involved in gaming with a cautious eye. They see in this success an opportunity for the state. Some are considering legalizing some forms of gaming, as South Dakota did with Deadwood, in order to generate badly needed revenue ("Tribes beware--state hyenas," 1993, p. A4).

News stories from 1994 through 1996 reporting on Nevada’s economic...
growth were found in the Las Vegas Review-Journal under the following headings:

"Casino winnings soar: The new Strip resorts help boost gaming, but other areas of the state also show big increase," 1994 "Officials cautious on surplus," 1994; "Gaming revenue craps out in comparison to last July: Number of new residents possibly skewed," 1995; and "Vegas economy still rolling," 1996.

Other states and Indian tribes are now attempting to duplicate Nevada’s accomplished prosperity via legalized gaming. The Pequot’s very lucrative Foxwoods gambling resort in Connecticut makes millions of dollars on a daily basis; however, that resort is an exception in the Indian gaming industry. Nevada’s policymakers and elected officials agree that proper regulations and consistency in the gaming employee hiring process is needed. Indians assert gambling halls on reservations supply Indian nations the security needed toward financial independence and opens the door to problems associated with gaming, such as organized crime and a need for social programs ("Tribes lose $12 million," 1992); ("Poor accountability," 1993); ("Fed controls lax: Tribal gamers," 1995).

Nevada’s policymakers were dedicated to ensuring that legalized gambling would bring Nevada financial stability. Observers of gambling’s success or failure attribute Nevada’s success to the establishment of regulations and consistency in the application process, both which occurred over time.
Mining versus Gaming: The parallels

The parallels between mining and gaming are numerous. The "get rich quick" reasoning of financial gain describes gold seekers on the move, looking for a vein to mine, and gamblers playing for high stakes in a casino. However, economic stability for the whole community surrounding gambling is the theme of states desiring to enter the legal gambling arena.

The Indians view gambling on reservations as an alternative method for increasing revenues for tribal use. Adjusting to the responsibilities attached to wealth proved a difficult task for many tribes used to living in poverty. Reporter Lee Hancock contributed an article on the tribes' adjustment from poverty to financial success. With financial success, she points out, comes questions of tribal membership and the power to decide who joins a tribe, and who doesn't. Quoting Tim Giago, editor of Indian Country Today, she wrote,

...[T]he financial success has complicated an issue basic to the tribe's existence: who is or can be a member. "It's primarily happening now where a lot of tribes are in a (financial) position to protect themselves. Nobody gave a damn about them until they came into money," said Tim Giago, editor of Indian Country Today. ... Membership questions have become urgent even for tribes without gaming because of intermarriage with other tribes and with non-Indians. 1990 Census figures indicate over half of all adult Indians in the United States are married to non-Indians... For tribes, more members can mean more federal aid. For individuals, membership determines access to educational benefits and federal health programs...The power to grant or revoke membership rights can be wielded by tribal leaders as a political tool to punish enemies and stifle dissent ("Tribes wrestle with," 1994).

In 1995, the Associated Press (A.P.) reported another a specific incident that occurred on the Pomo Indians' reservation north of San Francisco. The article titled "Tribal dispute erupts in Old West bushwhacking, gunplay: Infighting over control of
reservation, casino results in daily battles, dozens injured,” reflected that legalized 
gambling brings not only revenues, but infrastructure and social problems.

“It’s been like the Old West,” said Lake County sheriff’s Capt. Gary Buchholz. “These are criminals who are fighting over money, shooting at each other in ambush. This is not an honorable thing.” The dispute centers on the reservation’s casino, Pomo Palace, which opened two years ago.... The executive council has filed suit against the tribe’s chairman, Thomas Brown, and last week turned over 50 boxes of financial records subpoenaed by a federal grand jury looking into Brown’s management of the casino. ...Many of the tribe’s 200 members have fled the reservation. Authorities said gunfire first erupted about two weeks ago at the reservation....Residents said two armed bands exist, each with about a dozen men. Some have semiautomatic weapons....California Attorney General Dan Lungren said the feud demonstrates the failure of the federal government to regulate Indian gaming (“Tribal dispute,” 1995, p. 5B).

The gaming discussions and debates among legislators and interested parties provided a model for Bitzer’s theory on how political speech creates action, situation, or events which lead to changes in public policy. Rhetorical criticism of political communication critiques the relationship between argument and political power. Bitzer’s theory that situations are rhetorical is used to understand how gaming discourse is deployed and the influence of speakers on their audience. Nevada’s lawmakers, gaming moguls, and other interested parties’ positioned arguments are characterized as political discourse. Lobbyists’ and policymakers’ arguments demand action. Action is represented by the passage of state or congressional legislation addressing the issues surrounding the Indian Gaming Regulatory Act and legalized gambling.

The Gaming Owners split on Indian gambling

One example of the influence wielded by lobbyists is the opposition IGRA received in 1993 from Donald Trump. Trump, a real estate developer and casino owner, filed a lawsuit in April, 1993 against the federal government based on his belief IGRA is...
unconstitutional. Trump asserted IGRA provides Indians advantages not provided to other gaming industry operators, such as tax exemption and lack of mandatory reporting regulations ("Trump, Indians at," 1993). John L. Smith's commentary in the August 21, 1994 Las Vegas Review-Journal titled, "Trump should have learned the art of 'shut up and deal' compares Donald Trump, the politician and developer, to the gaming operators who built Las Vegas into the gaming capitol of the world.

After reviewing Atlantic City casino mogul Donald Trump's laughably hypocritical comments about America's Indian gaming phenomenon, I couldn't help but wonder what the late Moe Dalitz would think. Not about reservation casinos, ...No, it's Trump's rhetoric that Dalitz, Benny Binion, Sam Boyd and old-schoolers like them might have laughed at. After all, they weren't politicians or puffed-up press agents. They were genuine casino operators. They developed land, gave generously to charity, manipulated politicians with aplomb and employed thousands of people, but they were not given to standing on precariously perched soapboxes. ...More than anything, they knew when to talk and when to shut up and deal the cards.

Smith continues, explaining the rhetoric of Trump is the rhetoric of someone in competition with Indian gaming. Trump is not just a citizen concerned with possible mob filtration into Indian gaming.

...Trump lashed out at Indian casinos recently on NBC Sunday Today. It was not his first time, but Trump's warnings of massive mob infiltration on the reservation and a gang rape of state tax bases ring painfully hollow. After all, Mashantucket Pequot tribe's Foxwoods casino at Ledyard, Conn., is proving one of the Donald's biggest competitors. "I can tell you this: They're taking money away from the state of Connecticut..." Trump told NBC. "They're taking money away from the old people...They're taking money away from the senior citizens." The church? the state? Old folks? He should know. His boardwalk casinos have played a major role in perpetrating legal larceny on Atlantic City visitors and locals alike. The tourists have been fleeced willingly. The state has been manipulated until it has eagerly accepted casino industry chump change. And the Atlantic City community has been lied to from the day the Boardwalk's first casino, Resorts International, opened to the public. If Atlantic City remains a drug-and crime-infested slime hole, Trump must accept partial responsibility for the industry's failure to make good on its many promises (p. 1B).
Smith’s commentary illustrates that gaming industry’s owners and operators reacted to legalized gaming on Indian reservations individually, and not as one association collectively.

Trump, according to Smith, also said during his interview on NBC Sunday Today,

To sit here and listen as people are saying that there’s no organized crime, that there’s no money-laundering, that there’s no anything, and that an Indian chief is going to tell “Joey Killer” to please get off his reservation, is almost unbelievable. It’s going to blow (“Trump should, 1994, p. 1B).

Trump also claims that Indians are not under the strict regulations as non-Indian gaming owners (“Trump, Indians at, 1993) may be accurate. When marketing director David Kripitz at the Mashantucket Pequot Indian owned Foxwoods casino in Ledyard, Connecticut was asked the daily revenue numbers of Foxwoods, he replied,

The Connecticut compact grants confidentiality to the tribe, but we make all books and records available to the state, through a memorandum of understanding that they won’t release any of the information (“Blazing the trail,” 1992 p.46).

The reporter added, “However, informed sources estimate the daily drop approaches $2 million” (“Blazing the trail,” 1992, p. 46).

While Trump fought the spread of legalized Indian gaming, Caesar’s Palace sought partnerships or joint ventures with the Agua Caliente Band of Cahuilla Indians in Palm Springs, California. Jon Ralston wrote,

Once upon a time, in the world of gaming, everyone had the same attitude: Gambling enterprises outside Nevada threaten the local economy, and everything should be done to thwart such efforts. But in this fractured fairy tale, that consensus has slowly disintegrated as one company after another --especially those with shareholders--has discovered opportunity where it once saw only threat (“Harrah’s drops out,” 1993, p. 5B).
The Indians linked Trump’s attempt to halt the spread of gambling on Indian reservations to his generous campaign contributions to members of the Senate Committee on Indian Affairs. Reported in the Las Vegas Review Journal and Indian Country Today, Trump’s actions became a topic of controversy throughout Indian country.

Casino owner and real estate developer Donald Trump may have had financial troubles in recent years, but he still wields considerable political clout in Congress. Trump contributed nearly a quarter of a million dollars in individual campaign contributions to congressional and presidential candidates since the 1988 election year cycle. Ellen Miller, executive director of the Center for Policy Alternatives, said this individual contribution total makes Trump “a major player in American politics” (“Trump Indians at odds,” 1993; “The Donald tries, 1993).

The Indians, aware their legislative influence must be as strong as Trump’s and other organized lobbies pressure Congress to limit Indian gambling. The Chairman of the National Indian Gaming Association (NIGA), Charles Keechi, in a 1992 interview for Indian Gaming said,

...the number one agenda is working with the 103rd Congress. We plan to reach out to the members of Congress, especially to the newest members, with information to educate them on the need and purpose of Indian gaming as well as with information on the tactics and purpose of the opposing groups.

The opposition has expressed confidence not only that IGRA will be opened, but also that their requested restrictions to the Act will be imposed. The confidence is based on a series of private meetings with Vice President Dan Quayle and other members of the administration. It is clear to us that the non-Indian gaming industry is trying to wipe us out behind closed doors (“An interview,” 1992, p. 3)

The continued proliferation of Indian gambling found the tribes defending their sovereignty and rights to raise revenues via gambling. Legal challenges filed as a response to differing rhetorical interpretations of the Indian Gaming Regulatory Act between states and tribes on compacts, legislative testimony, and the formation of coalitions to fight the spread of legalized gaming is examined in Chapter 3.
Indian Gaming: Judicially and Legislatively Speaking

Nevada’s legislative early 1900’s debates on the legalization of gambling paved the way for Nevada’s unique gaming history. Since legalizing gambling in 1931, other states continuously note Nevada’s positive economic growth. News reports reflect that states now view legalized gambling as a prospective revenue base. Many states use lottery revenues to supplement their state treasury, funding health, education, and welfare programs.

Indians residing in poverty on reservations viewed gambling as a means of raising revenues needed to fund health care, education, and employ reservation residents. Simultaneously, states experiencing a recession in economic growth turned to gambling and the tourism gambling draws to jump-start their economies. The spread of legalized gambling across the country became headline stories in newspapers, magazines, and scholars’ conference papers.

*Governing Magazine*, a magazine received nationwide by state and county governing officials, dedicated its cover and several pages within to “Casinomania” in its December 1992 issue. The article, “What are the odds that gambling can save your
depressed local economy? Don’t bet the treasury on it” (p. 23) reported,

Gambling is on a roll in America. With a total take that will exceed $200 billion this year, it is the nation’s most conspicuous and fastest growing brand of entrepreneurial government. And many states and localities are getting hooked. ...How did it all happen? In tiny but quick steps. With large-scale, high-stakes casinos perceived as dangerous, most states began small in the 1970s and 1980s, instituting lotteries whose funds were usually earmarked for education and other good causes (“Casinomania,” p. 23).

The National Indian Gaming Association’s (NIGA) Chairman Keechi told Indian Gaming magazine,

Every tribe has attempted, in one form or another, to establish businesses on their lands, with limited success. We now have a proven formula for success-filling a need for entertainment, while at the same time putting our people back to work. My goal as chairman of NIGA is to ... ensure the prosperity of Indian gaming.. (“An Interview with,” 1992, p.3)

Nevada noticed the attempt by states and Indian tribes to duplicate the gaming industry’s success outside Nevada’s borders. “The Proliferation of Gaming: The Challenge for Nevada in the 1990s,” a report authored by State Senator Dina Titus and legislative analyst Dennis Neilander, provided the 1993 Nevada Legislature with an overview of Nevada’s gaming history and the spread of gaming in America. As Chair of the Judiciary Committee, Senator Titus guided an interim study committee to look at the future of gaming in Nevada. This study, in compliance with Senate Joint Resolution 59, 1991 legislation introduced by Titus, focused on the legalization of gambling by other states and Nevada’s current gaming regulatory system. The formation and assignment of this committee substantiated Nevadans’ concerns that legalized gambling nationwide may impact Nevada’s economic base. The committee concluded,

The challenges facing Nevada gaming are two-fold. On one hand, the state must meet the increased competition from new legalized gaming entities across the
country. At the same time, it must maintain its vitality, profitability, and growth as the market matures. Rather than wasting resources attempting to stop the spread of gaming, Nevada must harness its resources to stay ahead of the curve as gaming proliferates throughout the country (p.47).

The study committee did not anticipate that the proliferation of gambling would spur Congress to seat a commission charged with investigating the effects of gambling on the health, education, and welfare of society as whole.


Congress Responds to Supreme Court Indian gaming decisions: Creation of the Indian Gaming Regulatory Act of 1988

The legalization of casino-style gambling on Indian reservations began without much publicity until a state challenged a tribe's right to introduce gambling on the reservation without state approval. A 1987 Supreme Court decision sent Congress the message Indian sovereignty allowed the tribes to hold public gambling activities on reservations, even if the reservations were located in states without legalized gambling, except for charity fundraising events. Since that decision numerous judicial decisions
entered from various jurisdictions their findings on questions pertaining to a state’s authority over Indian gaming on reservations, and Indian sovereignty questions.

Commencing with the Supreme Court’s decision in 1987, the arguments among the parties interested or involved are documented in this thesis. This discourse, as reflected in this study, depicts a situation that now is stagnant. The rhetoric remains the same from one year to the next, without movement or compromise between the states and Indians. Congress’ failure in its attempt to amend IGRA is now off track. Instead, Congress is now looking at gambling’s impact on society.

Contemporary rhetoric on the development and application of IGRA shows how Indian gaming caused rhetorical discourse nationwide. Congressional action on controlling Indian gaming became the standard request of Nevada’s delegation and the National Governors’ Association (NGA). Anti-gambling coalitions, such as the National Coalition Against Legalized Gambling (NCALG), desired to stamp out the proliferation of gambling altogether. All of these parties currently view the Indian Gaming Regulatory Act of 1988 (IGRA) as a failure. IGRA’s adoption by Congress is discussed below.

The Indian Gaming Regulatory Act of 1988: Contemporary rhetoric surrounding its birth and its phlegmatic status

Creation of the Indian Gaming Regulatory Act of 1988 (IGRA) occurred in response to a state’s judicial challenge of Indian gaming. A tribe claiming sovereignty forced a state to judicially challenge the tribe with regard to gambling on the reservation (California, et al v. Cabazon Band of Mission Indians, et al 480 U.S. 202). It was this
1987 Supreme Court decision which created a situation requiring federal intervention in Indian gaming. Continuing with an historical review of the rhetoric surrounding the legalization of gambling in America, regardless of locality, the remainder of Chapter 3, and all of Chapter 4 quotes from newspaper articles, magazines, professional papers, and legislative hearings.

Tribal nations' opened public gambling establishments as a means of raising revenues. The State of California, in 1987, judicially challenged a tribe's authority to open a public gambling hall on the reservation (California et al v. Cabazon Band of Mission Indians et al. 480 US 202: 107S.Ct. 1083 (1988) citing it was illegal to do so in California. The Cabazon and Morongo Bands of Mission Indians were holding bingo games and other gambling activities pursuant to the Bands' federally approved ordinance, when California applied its state laws to curb the tribes' gaming activities. While California allowed casino-style gaming as a means to raise monies for charities outside the reservations, it did not allow the tribes in Riverside County to conduct gaming activities without state approval.

The Court's decision in California, supra underscored the federal government's interests in Indian self-government and the government's goal of encouraging tribal self-sufficiency and economic development. Cabazon sent a message that Congress had not developed a vehicle through which states could apply civil-/regulatory statutes. The Cabazon reading spurred Congress to formulate Indian gaming regulations, using IGRA as the vehicle. The Supreme Court found California's attempt to regulate all gaming on the reservations as an infringement on tribal government. The
decision paved the way for Congress to intervene, creating the Indian Gaming Regulatory Act of 1988 (IGRA) and the establishment of the Indian Gaming Commission (IGC) under the authority of the Secretary of the Interior (Public Law 100-497, adopted October 17, 1988, as 25 U.S.C. 2701 et seq.).

It took more than three years after the passage of IGRA of 1988 for President Bush to appoint the first Chairman, Anthony Hope, of the National Indian Gaming Commission (NIGC). Hope testified that his NIGC began operating on February 22, 1993, although Congress passed IGRA in 1988 (“Indian gaming under fire,” 1993). Prior to Hope’s testimony, the regulations approved by NIGC as established in IGRA were the subject of litigation between tribes and states. “Tribes, states headed for clash,” was the headline story in Indian Country Today (1993). Reporting on the clash between the governors and the tribes, reporter Anquoe quoted Mary Ann Antone, Tohono O’odham tribal chairwoman as stating,

Governors aren’t afraid of organized crime, they’re afraid of organized Indians. The nation’s governors … have emerged as the most vocal and influential opponents of gaming on Indian lands, agreed tribal leaders, senators, and Clinton administration officials. … The embattled 1988 law empowered tribes to enter into gaming as a means of economic development and to promote “strong tribal governments.” Gambling enterprises on Indian lands has been an increasingly controversial issue that has pitted many states against tribes in legal and political clashes over sovereignty and jurisdiction (p. A1).

Another example of the clash between Indians and state occurred in Arizona. The Arizona State Senate held panel hearings on Indian gaming and state’s rights to regulate gaming. Eric Dahlstrom, an attorney representing the Tohono O’odham Nation near Tucson, testified before the panel that what is legal or illegal off the reservations is
irrelevant. He was quoted as stating, “It is simply not to the state to dictate what types of games are allowed on the reservations” (“Arizona panel,” p. 3A).

The constitutionality of an IGRA mandate also became questionable. The Eleventh Amendment of the United States Constitution reads:

The judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by citizens of another state, or by citizens or subjects of any foreign state.

States’ authorities questioned how IGRA could legally provide for tribal nations to sue states, and vice versa. Senator Reid, early in May 1993, introduced a bill calling for comprehensive changes to IGRA. He cited the courts’ interpretations of IGRA did not parallel the “intent of the law.” (“Indian gaming bill introduced,” 1993). As an illustration of the government’s repetitive rhetoric on gambling, a May 1995 article by Tony Batt titled, “Indian gaming bill introduced” reported on a proposed amendment to IGRA. The discourse resembled that reported in 1993 and 1994. The proposal overhauled the Indian Gaming Regulatory Act of 1988 and placed a two year moratorium on new tribal casinos. It also applied all money-laundering laws to Indian gaming and required background checks on the industry’s investors.

To allow Indian tribes to sell lottery tickets nationwide without the consent of state governments is an unwanted interference with the operations of the states themselves, and the federal government has a responsibility to control it, said Rep. Robert Torricelli (D-N.J.) (“Indian gaming bill,” 1995, p, 9D).

According to the May 4, 1993 Wall Street Journal issue, the heated debate over legal gambling escalated into an “all-out political war,” with the tribes quick to pursue the construction and operation of gambling halls. Politicians and the gaming
industry, it reported, were maneuvering to slow the spread of Indian gambling ("As Indian casinos spread," 1993).

"War on Indian gaming" was the front page headline of the Las Vegas Sun, May 26, 1993. The article referenced Nevada’s congressional delegation’s effort to stop the spread of gambling onto Indian reservations. Titled “Lawmakers seek to block expansion,” Representative Barbara Vucanovich (R-Nev.) was quoted,

The spread of wide-open gaming in states which have laws prohibiting such activity was never the intent of Congress ("Lawmakers seek," p.1A).

Senator Richard Bryan (D-Nev) reportedly said, “It is important to underscore that we are not seeking the end of Indian gaming," referencing proposed amendments to IGRA establishing the states had the right to set gaming public policy (p.1A).

Opponents to amending IGRA in 1993 included consultants who had assisted with the drafting of the gaming bill in 1988. Paul Alexander, testifying before a House Natural Resources subcommittee hearing Indian gaming law testimony said,

Indian gaming is not commercial gaming, it is governmental gaming. It raises revenues to provide governmental services on Indian reservations ("Indian gaming regulations," 1993, p. 6D).

Frank Ducheneaux, a former Indian affairs counsel who was also a consultant on the drafting of the IGRA, said “The states agreed to it, and now they want to run away from it,” ("Indian gaming regulations," 1993 p. 6D).

Throughout 1993 numerous articles appeared in the Las Vegas Review-Journal, Las Vegas Sun, Wall Street Journal, and Indian Country Times detailing the battles between proponents and opponents of amending the Indian Gaming Regulatory Act. Nevada’s congressional delegation introduced changes to IGRA that were supported
by Nevada's Attorney General and Governor. Nevada's elected policymakers took the lead in building a coalition among governors and attorneys general to sit across the table from the tribes.

On the local front Nevada's 1993 legislature's gaming bill drafts, as recommended by a 1992 legislative interim gaming study, included the continuation of the disallowance of lotteries, a clearer definition of the manufacturing of gaming devices, better definition of Commission regulations as to hearings and the surrendering of a license by a licensee, and the reactivation of the Gaming Policy Committee which had not held a hearing in over 5 years (Bulletin 93-4, pp. I through X).

The Senate Judiciary Committee heard testimony on the bills proposed by the interim committee on the study on gaming. The testimony by gaming regulators reflected the debates predicted on the Gaming Policy Committee's reactivation in newsprint late 1992. The conflict within Nevada was beginning to brew. Nevada's elected officials soon realized there was no longer a united Nevada Resort Association. Caesars World, Inc., Hilton Hotel Corporation, and Circus Circus Enterprises were bidding on new casino projects in states where Indian gaming had opened up gaming projects outside the reservations.

Addressing foreign gaming, Senate Bill 241 (1993) proposed a requirement of a licensee involved in foreign gaming to conduct his activities in other jurisdictions in a lawful and suitable manner. Assembly Bill 470 eliminated regulations imposed by Nevada's Gaming Control Board on its gaming licensees when involved in gaming industries in other states or countries. With such publicly traded corporations as Hilton
and Caesars expanding into other states, Control Board Chairman Bill Bible expressed
the Bill reflected the growth of gaming in other areas, particularly on Indian reservations

State Senator Dina Titus, Chair of the 1991 State Senate Judiciary
Committee and Interim subcommittee to study gaming, proposed that the Nevada
legislature support the resurrection of the Gaming Policy Committee, first established in
1961. Her 1992 legislative subcommittee’s proposal, as reported in Palermo’s story,
“Reactivation of gaming panel eyed: Nevada leaders are at odds about resurrecting a
group to deal with the proliferation of gambling,” recommended the group [policy
committee] meet quarterly and become active not only on [gaming] policy matters, but on
tribal compact negotiations. P Palermo’s article read,

Much of the impetus behind reactivating the policy committee stems from the spread of legalized gambling and its possible impact on Nevada’s economy. ... Some industry analysts believe the state needs to re-evaluate policies on discouraging Nevada gambling companies from seeking business ventures in other states and encouraging more investments from outside the state (pp. 1B,4B).

The subcommittee’s proposed 1993 legislation drew a response from a Nevada
gaming attorney, wishing to remain anonymous, who stated,

The whole nature of gaming throughout the world and in this country is changing ... For 40 years we’ve been operating in a vacuum. ... [W]e have to recognize the cold fact that we have to compete with the rest of the country and the rest of the world (p.4B).

The executive branch of Nevada’s government reacted more negatively about
giving life to the policy committee. Nevada’s Gaming Commission Chairman Bill
Curran told Palermo,
We have no authority whatsoever to try to hasten or retard development of casino gaming in other states. ... We'd cooperate with all levels of government” (p.4B).

Senator Titus, not surprised at the Governor’s, gaming regulators’ and gaming executives’ opposition to the resurrection of the policy committee, reportedly replied, “They see it as meddling in a domain they’ve controlled for some time” (p.4B).

Seven months later, during the hearing on Senate Bill 243, which bill resurrected the gaming policy committee, Senator Titus stated the reasons for the bill,

Because of the dynamics of gaming are changing so rapidly, most of the information that reached the committee [1992 legislative interim subcommittee studying gaming] was out-of-date by the time we had another hearing. If that was happening from one hearing to the next, we figured it as certainly happening from one session of the legislature to the next. There is no on-going body with representation from the legislature that maintains some contact with the industry. ...Since this policy committee already existed, we looked at that as a way of strengthening the liaison between the legislature and the industry. The recommendations were based on the fact this new body could provide oversight in the area of gaming policy ... not gaming regulation which Is already covered... but the formulation of gaming policy. It would provide continuous forum for dialogue and it could track changes that were occurring throughout the state and throughout the country (SB 243, March 17, 1993, Minutes of Senate Committee on Judiciary, p. 7).

In response to questions from committee member, Senator Titus and legislature research analyst Dennis Neilander explained the proposed changes to the policy committee set forth in SB 243. Referencing Indian gaming compacts with Nevada, Mr. Neilander stated that Nevada’s Governor would be required

...sign any Indian gaming compact in his capacity as governor, and not as chairman of the gaming policy committee ... because of the separation of powers” (Minutes, p.8).

He further commented that it would be the policy committee which would conduct any formal negotiations with Indian tribes pursuant to Class 3 gaming activities
[referencing IGRA of 1988 gaming class definitions](Minutes, p.8).

During the hearing on SB 243, A. Brian Wallace, Chairman of the Washoe Tribe of Nevada and California, testifying on behalf of the Walker River Paiute Tribe, responded to the State's Judiciary Committee chairman's questions regarding the tribes’ views on the resurrection of the gaming policy committee. Mr. Wallace concurred with Senator Titus that there is existing confusion on who from the state would negotiate gaming compacts with the tribes. It is clear from the minutes of the March 17, 1993 senate judiciary committee meeting that the executive branch, represented by William Bible, Chairman of the Nevada Gaming Control Board, was not in favor of reactivating the policy committee, stating there would be a fiscal impact on the state for the policy committee to meet quarterly, and secondly, the proposed changes lacked a clear definition of the policy committee’s tasks (Minutes, p.9).

Senator James, Chair of the 1993 Judiciary Committee, agreeing with Bible, questioned adding another “policy-making layer, since there is a board (the agency), a commission, the legislature, and the Governor” (Minutes, pp.9-10). In response, Senator Titus revisited the concerns nationwide regarding the spread of legalized gambling onto Indian reservations and that it was unclear what Nevada’s gaming policy was regarding this issue. Senator Titus replied,

I think part of what happened last time... when all the business about Indian gaming was hitting the news, was that the Governor called a meeting of the industry. As I recall ... he had about 40 heads of big gaming interests in the state ... in a close door meeting ... no press, no legislators, nobody from the outside ... we were kind of struck by [the question], 'Is this a good way to come up with policy that will have such a major impact on this state’s future, and leaving the legislature totally out of that process?'' (Minutes, 1993, p.10)
Although testimony concluded at that hearing without a vote on SB 243, testimony taken on the next recommendation of the interim committee on gaming, Senate Joint Resolution 16 (SJR 16), recommending Congress amend IGRA, referred back to SB243. Referencing the problems facing numerous states throughout the country over State and Tribal negotiations on gaming compacts, Senator Titus pointed out that the interim study concluded there is mass confusion among states as to who is authorized to negotiate compacts with the tribes, the legislature or the Governor. She explained the interim subcommittee’s recommendation for the reactivation of the gaming policy committee was also based on lawsuits already filed in states over gaming compacts, and the ambiguity of IGRA with regard to who had the power (the legislature or executive branch) to negotiate compacts with Tribes. If the gaming policy committee were resurrected, the authority could be placed with the policy committee.

SJR 16, recommended by the interim subcommittee on the study of gaming, requested Congress to clarify the ambiguities in the 1988 IGRA in an effort to resolve interpretation conflicts that have arisen since IGRA’s implementation. While requesting clarification on IGRA’s ambiguous language would not, by itself, raise questions, it was a paragraph in that resolution calling for Congress to authorize the Secretary of the Interior to declare a moratorium on the approval of any new compacts which caused Tribal leaders to testify against the resolution and others in gaming to testify in support of it (SJR 16, Bulletin 93-4, pp. 233-235).

Contributing to the rhetoric on SJR 16 tribal leaders from the Washoe Tribe of Nevada and California, and the Reno-Sparks Indian Colony. On behalf of the Washoe Tribe, Mr. Wallace provided each committee member of Nevada’s Senate Judiciary Committee an informational packet with articles and materials favoring Indian gaming. Those items consisted of various news clippings reflecting the private sector’s public
opinion in support of Indian gaming, along with material showing how the Nevada Resort Association and the Indian community had been working together in the development of gaming operations outside the State of Nevada (Minutes, 1993, p. 13).

Mr. Wallace, continuing his contribution to the rhetoric in Nevada on Indian gaming, stated,

In addition, with the high profile news articles and rhetoric coming from here in Nevada and the west daily... I and other tribal leaders here in the state have been contacted by majority and minority member of the gaming association about trying to set up contacts in California, if this breaks open on the other side of the state line. I'm not criticizing this ... I believe there are partnerships which can be struck between the industry and the tribes... I think that already has been done. ... a deal has been struck by the Mississippi Choctaws ... Caesars is in Palm Springs... Harvey’s is looking at the Midwest ... strip interests are in the great Lakes... so why the double standard here? I’m not trying to be negative or show any disrespect at all ... and I'm definitely not trying to make any enemies ... but you have to able to look the people you work with in the eye sooner or later. We have to say this, and we have to say it very plainly ... this thing is bigger than Indian gaming. It boils down to the understanding of the federal tribal relationship in this country, what the Constitution means, ... I think we have made a number of sacrifices on behalf of the United States, and all we are asking for is fair and equal treatment for that commitment and sacrifice. ...I can’t understand what the chief executive officer in this state’s position is in this area... when we are negotiating rather nicely, and things seem to be going along fairly and squarely... I am at a loss (Minutes, p.14).

 Appearing next before the Senate Judiciary Committee on March 17, 1993, Mirage casino owner Steve Wynn advised the lawmakers,

I regard Indian gaming, as I have said to many of you privately, as a transition in America. I believe it presages the changing attitudes as cities, states and counties look for more jobs, more taxes, and economic stimulation. Gaming just isn’t the forbidden fruit any more. The fact that Indians want to have gaming in many places should not be disturbing to us (Minutes, p 15).

 Wynn continued,

One of the reasons I am so delighted with the Indian gaming movement, and I
root for them every chance I get, is because the Indians are making a mockery of the hypocrisy that is going on in this country. ...Indians have the right to do what they want to do, provided it is not socially antithetical to the public safety, or illegal. Indians are not trying to legalize murder... they just want to be left regulation-free to run gambling, just like everybody all around them is doing. ... For all of you, with all your valuable time, to be wasting your time on this issue is a waste. ... This state sits here today with a natural lead on the rest of this country in terms of tourism... the lifeblood of its existence. Gambling has never been the issue in this state. The attraction here has never been gambling. It was the place, itself ... the entertainment ... the spectacle of Las Vegas and Reno. Even in the unmentionable 50s, ... it was the spectacle of Las Vegas ... the spectacle of Reno... the party that went on all night, that brought them here. The more it grew, the more it became true that the people who were here ... they came here in droves ... didn't regard themselves as gamblers. ... I am so glad that Luxor and MGM are being built, because my biggest question about whether Las Vegas would make the turn and continue to be exciting is being answered in a volume louder than I ever dreamed it would be (Minutes, pp. 16-18).

The Las Vegas Review-Journal quoted Wynn's testimony as a article headline.

"People come to Las Vegas and The Mirage because of the spectacle that is the place,"


Titus (D-Las Vegas) disagreed with Wynn. She expressed that Nevada's Congressional delegation along with other Nevadans believe the spread of legalized gaming on Indian reservations is a concern as the Indian Gaming Regulatory Act is vague, leaving room for conflicting interpretations of the Act ("Wynn: Efforts," 1993, p. 12E).

Prior to Wynn's testimony on SJR 16, Nevada's senate committee on the judiciary was aware of the division occurring within the NRA regarding Indian gaming. A November 19, 1992, headline Indian Country Today read, "Coalition wages expensive war against Indian gaming - Do purse string reach to Nevada?" Referring to a new constituency backing anti-gambling campaigns, the article reported,
An all-out war against Indian gaming is being waged on the public relations front, financed by phantom, but very well-heeled benefactors. Burson-Marsteller, one of the largest and most expensive public relations firms in the world, is coordinating the campaign to curb the expansion of Indian gaming. A group called the ‘Coalition to Protect Community and States’ Rights’ is the firm’s ‘official’ client’ (pp. A1-A2).

This article scattered allegations and speculations with fact. The first speculation was the grassroots based nationwide campaign cost a half million dollars annually. This speculation used a competitor firm’s assessment of the cost for this type of campaign. The second speculation that individual members of the Nevada Resort Association would cover campaign costs came from information that Burson-Marsteller represents several members of the NRA. A Burson-Marsteller representative denied any active participation in the campaign. Anquoe, Indian Country Today’s Washington reporter, wrote that the NRA earmarked $235,000, more than half of the estimated annual campaign cost of $500,000, toward laying the groundwork for a two-pronged campaign. The campaign would include media and public outreach strategies and emphasize themes of ‘increased crime, prostitution, and laundering drug money,’ as related ‘evils’ of legalized gambling (p.A-2). This allegation linking the NRA to the funding of the coalition’s campaign contradicted Wynn’s testimony in early 1993 at the Nevada legislature.

Further, individual NRA members such as Harrah’s, Caesar’s World, the Boyd family, and Circus Circus considered gaming resort projects in states where tribes introduced casino style gambling. Thus, the allegation of anti-gambling rhetoric receiving support from the Nevada Resort Association sent a message that the membership of the NRA lacked unity on the question of Indian gaming.
Reporting from the 1993 World Gaming Congress Expo (in Las Vegas) on a panel of speakers addressing the Indian Gaming Regulatory Act, Waddell wrote on the optimism expressed by a tribal attorney on the support of Indian gaming in California.

For years, Nevada casino operators have fought legal casino gambling in California... But now, two Nevada operators-Caesars World and Elsinore Corp.-have agreements with tribes to operate gambling there ("Indians optimistic," 1993).

The Nevada Resort Association seemed to have more than one voice, expressing more than one position, when it came to legalized gaming on reservations.

On February 9, 1993, Las Vegas Sun political columnist Jeff German reported:

There's a good chance the Nevada Resort Association, the political arm of the casino industry, will vote Wednesday to stay out of the fight over Indian gaming regulation. The industry has been split on this subject the past several years as more Nevada casino operators have attempted to go into business with Indian tribes across the country ("Las Vegas casinos," 1993).

Reporters wrote that the gaming industry's discontinuance of its fight against the spread of legalized gambling to Indian reservations posed an interesting dilemma for Governor Bob Miller and Nevada's congressional delegation. One of German's (1993) commentaries pointed out the political re-positioning of Nevada's policy makers and gaming industry moguls,

Until this point, the gaming industry has been calling the shots on this issue. ... Should the NRA, as expected, bow out of the fray, Nevada leaders will have to carry on the fight on behalf of the citizens of Nevada. Frankly, that's not a bad idea ("LV Casinos," 1993).

While Congressional delegations were home for the holidays, tribes continued to assert their sovereignty rights under the United States Constitution, and in accordance with IGRA, 1988, filed additional lawsuits reclaiming lands in and around urban areas and on which Indian gaming casinos could then be built ("Tribes assert sovereignty," 1993).
On the federal level the rhetoric continued. The rhetorical response to bills in both the House of Representatives and the Senate addressed the concerns of proponents and opponents of legalized gambling. Congress, states, tribes, and lobbyists for coalitions remained in debates over Indian gaming through 1996. Hoping to gain control over the on-going debate on gambling, legislators introduce Congressional Bills each session. In 1993, Nevada's Senator Reid introduced a bill to amend IGRA that would give states more authority in restricting Indian gaming. Indians opposed the bill while governors supported it. Ultimately, the bill did not become public law; however, governors and attorneys general supported the legislation (“Indian Gaming bill,” 1993; “War on Indian,” 1993).

The following bills presented in Congress are included in this study to demonstrate the urgency felt by Congress to amend the Indian Gaming Regulatory Act of 1988. Bitzer's theory that rhetoric is situational depends upon the urgency of the matter and the significance of the situation. The more significant the situation, the more the situation is discussed. Congress' urgency to amend IGRA is demonstrated through the numerous Bills introduced in both the House and the Senate.

represented Bills by members in the House to amend IGRA. In the Senate, proposed amendments to IGRA were Bills S. 751 and S. 952.

One bill in particular allowed for the taxing of gambling income, House Bill (H.R.) 4157 introduced (September, 1996) which raised many comments from Nevada’s delegation and the gaming industry. H.R. 4157 amended the Internal Revenue Code of 1986 to allow for the taxing of gambling income made through Indian gaming.

The 1994 House of Representatives considered a measure that taxed bingo and keno winnings of more than $10,000 (“House considers,” 1994). These tax considerations were introduced after it was reported that Indian-owned “The Foxwoods High Stakes Bingo & Casino” profited $1 million a day, all untaxable money (“Indians run richest,” 1993).

H.R. 1512, introduced April, 1995, also proposed amendments to IGRA. It primarily required persons participating in Indian gambling to be physically present at the gambling activity. H.R. 1578, introduced May 9, 1995, amended IGRA by addressing the tribes’ sovereignty issues.

H.R. 3289 introduced March 23, 1996 provided states more jurisdiction over new gambling activities on Indian lands. Other Bills introduced during the 104th Congress recommending changes to IGRA and related gambling issues were S.751, H.R. 140, H.R. 1364, S. 952, and S.1893.

It was S. 704, H.R. 462 and 497 however that became the front runners of all the Bills introduced amending IGRA. All three Bills proposed the establishment of a commission to study the impact of gambling society. H.R. 462 called the panel,

H.R. 497, first introduced by Wolf (R-Va.) January 11, 1995, and co-sponsored by 143 representatives, became Public Law 104-169 on August 3, 1996. After several revisions, the approved Bill would ultimately affect Nevada’s politics and gaming, as discussed in Chapter 5 of this study.

The legalization of gambling in America is a rhetorical situation as it proved its significance through continual congressional attention. Legalized gambling rhetoric also provided a sense of urgency to change current gambling regulations. Coalitions formed to fight the proliferation of gambling. Gaming associations formed to protect Indian gaming and the gaming industry. The sense of urgency and significance felt by congress to take action on IGRA carried into the 105th Congress. The number of Bills introduced to amend IGRA showed the urgency of the situation.

Two Bills introduced in the 105th Congress are important to legalized gambling. H.R. 452 (January 21, 1997) amends the Indian Gaming Regulatory Act as to Indian nations’ sovereignty and H.R. 334 (January 7, 1997) introduced the “Fair Indian Gaming Act.” These Bills were introduced in response to an opinion from the United States Supreme Court pertaining to IGRA’s constitutionality.

The United States Supreme Court’s March 27, 1996 decision in Seminole Tribe of Florida v. Florida et al. rendered sections of IGRA unconstitutional under the Eleventh Amendment of the Constitution. It ruled the Indian Gaming Regulatory Act
unconstitutionally provided Indian tribes the authority to sue in federal court states which refuse to negotiate gaming agreements. Spectators commented that the ruling could enlarge the role of the states in regulating casino gambling on the reservations while restricting Congress’ role. The law professor from Florida who represented the Seminole Indian tribe in the case responded, “The big picture is: States win, Congress loses and the tribes are still holding their cards” (“States win round,” 1996). The Las Vegas Review-Journal editorialized on the decision,

Wednesday’s U.S. Supreme Court ruling on Indian gaming prompted a wide range of interpretations, but one thing seems clear: The decision highlights Washington’s Jekyll-and-Hyde approach to Native American reservations. The court rule 5-4 that the 1988 Indian Gaming Regulatory Act authored primarily by Nevada Sen. Harry Reid, unconstitutionally gave Indian tribes the authority to sue in federal court states which refused to negotiate gaming compacts. ...Critics of the ruling, including the four dissenters on the court, warned it will enhance states’ rights. The decision “prevents Congress from providing a federal forum for a broad range of actions against states, (including) the regulation of our vast national economy,” wrote Justice John Paul Stevens (“Indian gaming, High court,” 1996).


The NGA and Supreme Court spur Congressional action

The nation’s governors pressed Congress to amend IGRA, concerned that the states had lost all authority over Indian gaming. The NGA’s stand was boosted with the decision in Seminole Tribe, supra.

Congress determined it was time to appoint a commission to study gambling. A Bill surfaced creating a federal commission to study the effects of gambling on states and communities. The newspapers heavily covered Congress’ reaction to the Court’s
decision in Seminole, supra. Tony Batt, reported Congress' response under the heading "House Oks federal panel on gambling," (1996) and German's political commentary headlines read, "Deal sought in gaming study fight," (1996).

A discussion of the National Governors' Association's concerns and the Seminole (1996) decision follows in Chapter 4. Chapter 4 includes the rhetoric heard in states on the effects of gambling in communities outside the reservation. A discussion of the coalitions fighting the proliferation of gambling in America concludes Chapter 4.
Chapter 4

From Indian Reservation Gambling to Nationwide Gambling

Nevada’s gaming regulatory system from 1929 to 1961

The 1929 Depression escalated Nevada’s concern for a stable industry that would support its tax base. Humboldt County Assemblyman Phil Tobin introduced Assembly Bill 98 to the 1931 legislature. AB 98 promoted the legalization of gambling. Tobin, not a drinker or gambler, realized gaming taxes could lift the State’s economy. He also believed unenforceable the Anti-gambling Act of 1909. Voters in Nevada accepted the legalization of gambling as it was in their best economic interest to do so. Public discourse produced meaning and reason to support the gambling arguments. The public perceived gambling as both an evil and a necessity. After the legalization of gambling by the new legislature in 1931, Nevada experienced growth in both Washoe and Clark counties. The building of gaming establishments brought high profile politicians, organized crime, and famous entertainers to the Nevada desert.

Organized crime was the focus of the 1950’s. The United States Senate’s committee investigating organized crime, chaired by Estes Kefauver of Tennessee, traveled to Nevada in November 1950. According to The Way It Was.

The Kefauver Committee arrived here on November 15 with much fanfare. Still, it was a case of much ado about nothing, for the Senator and his staff
did not stay longer than one day. Subpoenas were issued.... The meeting took place behind closed doors, ...Moe Sedway was questioned closely about the partnerships in the Flamingo, and ...may questions were raised about political office and gambling interests. The only statement Senator Kefauver had to make publicly was that Nevada gambling had a definite interstate character. It is what he did not say that has cast a gloom over the industry. I don’t know how he would possibly come to any conclusions about Las Vegas in the short time he spent here. The whole visit was anti-climactic. We are glad it is over, but wonder if that was it (p.154).

The 1955 Nevada legislature responded to the Kefauver report. The 1955 legislature established the State Gaming Control Board, Nevada’s first regulatory board. The 1959 legislature created the Nevada Gaming Commission to oversee the activities of the Board. They followed the 1959 legislation by another piece of regulatory gaming legislation in 1961. The legislature determined a gaming policy committee should hold hearings statewide on establishing gaming policies, and make recommendations to the Board and Commission. Nevada’s legalization of gaming throughout the state proved beneficial to the State’s economic growth and prosperity. As discussed in previous chapters of this study, other states noticed the growth occurring in Nevada because of gaming and tourism. The economic plight of the Indians throughout the country led many tribes to expand their gaming operations. They felt the Bureau of Indian Affairs was not fulfilling its responsibilities in meeting the Indians’ needs. In 1972, the tribes staged a demonstration in Washington, D.C.
Indians stand their ground using civil disobedience
and rhetorical discourse

The Interior Department’s Bureau of Indian Affairs’ office in Washington, D.C. was occupied for ten days in November 1972 by a small band of Indians with war-painted faces brought to light the plight of Indians in the United States. It took Congress 3 more years (1975) to pass the Indian Self-Determination and Education Assistance Act. This Act encouraged tribal self-sufficiency. Twenty years later Indians once again found themselves taking a stand against a government, this time the government of Arizona. Indian gaming became a part of the daily news when in May 1992 the FBI attempted a seizure of video poker machines from the Fort McDowell Reservation in Arizona (“FBI raids Indian,” 1992).

The FBI raid and subsequent stand-offs between the federal government and the Fort McDowell Mohave Apache tribe spurred new discussions and debates on the legislative intent and enactment of IGRA. “Raids applauded, faulted” reported on a Nevada lawmaker’s approval of the raids and a Las Vegas Indian gaming consultant’s disapproval. Senator Bryan was quoted,

Lawfully approved Indian gaming operations, sanctioned by agreements reached with respective governors, are the only appropriate casino gaming operations... Those legal operations should be as thoroughly regulated as Nevada’s, and the illegal operations shut down (p. 5A).

Kathy Thorpe-Granowski reportedly reacted to the raids stating,

The purpose of the Indian Gaming Regulatory Act is to bring two sovereign nations together to negotiate. So far the only one who hasn’t responded to that are the state government. Tribal rights should be held in the same regard as states rights. Arizona has not been overall a progressive state with regards to civil rights (p. 5A).
The rhetoric of coalitions and associations

National and state anti-gambling coalitions formed in the 1980's and 1990's in response to the spread of legalizing gambling. Organized in 1994, the National Coalition Against Legalized Gambling (NCALG) distributes anti-gambling news articles and commentaries that examine the influences of gambling on America. The NCALG receives support throughout the country and from friends in Congress. A non-partisan, non-denominational coalition, it mobilizes nationwide grassroots anti-gambling groups nationwide against the expansion of legalized gambling.

Persuasive techniques used by NCALG include an Internet web page and newsletters, both which address the costly infrastructure problems legalized gambling triggers when introduced into a community. Through its Internet Resource Center (IRC) and newsletters, NCALG provides tactical assistance throughout the country to coalitions opposing gambling initiatives. The NCALG and casino owners saw the spread of legalized gambling to Indian reservations gaining momentum in the early 1990's. Gaming provided the tribes with an untapped source of revenue. As Indian nations became wealthy via gambling, state governments began placing on general election ballots the issue of whether or not to legalize gambling statewide.

In 1996 Arkansas placed four pro-gambling initiatives on the November ballot. Colorado placed a statewide referendum on its 1996 November ballot to allow casino-gambling in Trinidad and Michigan asked residents to vote on a referendum to legalize three gambling casinos in Detroit. Gambling proponents in 1996 drafted an initiative to legalize eight dockside casinos in Cleveland, Cincinnati, Lorain, Mahoning
County and Hamilton County. Also in 1996 West Virginians living in Jefferson County
were provided the opportunity to vote on legalizing video slot machines at the Charles
Town racetrack. In Washington state Indians placed on the November ballot an initiative
that allowed them to legalize a limited number of slot machines at tribal casinos
(NCALG Newsletter, Gambling Expansion is on many ballots in 1996, Fall 1996).

Supporters of ballot initiatives to legalize gambling in states without it found
the legislative process full of hurdles and themselves politically naive. National anti-
gambling coalitions such as the NCALG became involved. Poorly crafted legislation to
permit casino gambling in several states, including Louisiana, Missouri and Indiana,
resulted in confusion, delays, and costly lawsuits. Attempts to get gambling initiatives on
the ballot in Arkansas and Washington, D.C. failed when federal judges rejected
wording of proposed constitutional amendments ("Selling gaming not," 1994).

As previously discussed, those opposing continued growth of Indian gaming
found support from Donald Trump. It was reported in Indian Country Today.

Donald Trump, real estate developer and casino owner, opposing the
legalization of gaming on Indian reservations, has said IGRA gives Indians an
unfair advantage, and disputes the sovereignty of Native Americans. In his
attempt to halt the spread of legalized gambling on Indian reservations,
Trump’s financial contributions to members of the Senate Committee on
Indian Affairs, and others in Congress has become controversial. Casino
owner and real estate developer Donald Trump may have had financial
troubles in recent years, but he still wields considerable political clout in
Congress. Trump .... contributed nearly a quarter of a million dollars in
individual campaign contributions to congressional and presidential
candidates since the 1988 election year cycle. Ellen Miller, executive director
of the Center for Policy Alternatives, said this individual contribution total
makes Trump ‘a major player in American politics’ (Trump Indians at odds,
1993).
advantages brought to Indian reservations with gambling contradict those articles based on
the by-products of gambling.

Organized crime on the Reservations.

"Tribes lose $12 million on casino contracts" was a 1992 headline in Indian
Country Today. The article criticized the Bureau of Indian Affairs (BIA) of inadequately
monitoring Indian gaming. It supported anti-gambling factions' contentions that where
there is legalized gambling, there is an increase in crime. Following the 1992 report was a
report enumerating worse findings on Indian gaming management from the Interior
Department in 1993. The Las Vegas Review-Journal article, "Investigation: Indian casinos
losing millions to contractors," (1993) reported the Interior Department’s investigators’
findings after their review of casino management and developers' contracts with tribes.

This report found the tribes were losing money through,

inadequate management direction and oversight, certain fraudulent or wasteful
activities and deficient decision making by management (p.13D).

Submitted to Congress, the investigators said their research encompassed a
review and investigation into the status of Indian gaming compacts. They audited
regulations established through IGRA and enforced by the National Indian Gaming
Commission. The Interior Department’s findings reflected,

Tribes have lost substantial amounts of potential revenues through inadequate
management direction and oversight, certain fraudulent or wasteful activities
and deficient decision making by management. The $6 billion-a-year industry
has spread to more than 20 states since the late 1980s. Most of the 200 tribes
run their gaming operations themselves, but more than 70 hire outside
companies. The inspector general’s staff reviewed 37 management contracts
and found $62.2 million in excessive fees in 18 of them. One contract alone
will cost a tribe $21.5 million in lost revenue, the report said. The report did
not name any of the tribes, but the investigation was concentrated in Michigan.
and Wisconsin, according to an appendix (p.13D).

The report’s stinging message continued,

Six tribes in Wisconsin and seven in Michigan paid $40.3 million to lease gaming equipment that they could have bought for $3.2 million. Federal regulators should have caught problems in the management contracts, the report said. As of July, the National Indian Gaming Commission, which began its oversight operations this year (1993), had not approved any new management agreements or reviewed any of the contracts that were approved by the Bureau of Indian Affairs. (p.13D).

This article concluded with reactions to the report from the BIA, the National Indian Gaming Commission chair, and Congress.

Ada Deer, the Interior Department’s assistant secretary for Indian Affairs, acknowledged that some tribes “entered into unconscionable contracts and leases” that call for “exorbitant or excessive fees.” Tony Hope, chairman of the National Indian Gaming Commission, said it will take more than a year to review new and existing contracts. “It is clear that the Indian gaming industry is a tempting target for criminal activity and exploitation,” said Rep. Robert Torricelli, D-N.J. The Justice Department insists there is no evidence that organized crime has infiltrated tribal casinos (p.13D).

Another discouraging report was on the Shooting Star Casino in Mahnomen, Minnesota. Waddell, in her 1993 article, “Poor accountability troubles tribal casino,” wrote,

They own a casino but have no control over who runs it. They watch thousands of people pour coins into their slot machines but never see a quarter roll their way. They gave $15 million to a developer to build the gambling hall that the country tax assessor values at $188,000.

A member of the White Earth Band of Chippewa Indians, owners of the Shooting Star, told Waddell that members of the tribe were not privy to the financial documents on the casino. Tribe members then turned to the BIA, the Senate Select Committee, and the Department of Justice for assistance. In February, 1993 Giago’s column stressed that unless Indians comply with the Indian Gaming Regulatory Act, they
will become their own worst enemy. He cited one reservation hired 200 ex-felons to work in its casino, against gaming regulations' policies. Giago's prediction is proving true (Indian country turning," 1993 ). Anti-gambling factions are citing the blatant violations by Indians of IGRA's rules as a reason to more closely monitor Indian gaming. They are also lobbying for a moratorium on future compact requests until controls are established.

The NCALG began publishing information linking crime to legalized gambling. The information first distributed in 1995 was part of a free informational packet available to the general public titled, "Gambling Establishments Attract Crime." Through their website the NCALG broadcast the article "Gambling: Is Crime No Longer A Problem? (1996)" That article used crime statistics gathered from large metropolitan cities situated along the Atlantic coast. It argued that all types of gambling cause an increase in criminal activity. NCALG's article strongly suggested a relationship between lotteries and crime, and casino gambling and crime. It also claimed organized crime influences and participates in gambling operations such as bingo halls, gambling events for charity, and ownerships and management companies of clubs throughout the country, including reservations. Skimming profits, hidden ownership interests, tax law violations and other related criminal activity, the NCALG asserted, is occurring throughout the country wherever gambling is legalized.
Common complaints lodged by Tribe members

The allegations presented in Waddell’s story are not uncommon when dealing with tribal lands. The problems cited usually include the tribe’s lack of access to financial documents. In that regard, Minnesota’s director of gambling enforcement was quoted, “You are not dealing with public documents when you deal with Indian country.” He further said the State of Minnesota experienced problems in getting annual audit reports from tribal casinos. The tribe’s members hear allegations its council is doing business organized crime members, either knowingly or unknowingly. Waddell reported that Tribal Chairman Darrell Wadena purchased gambling machines in 1988 from an alleged mob associate. Lastly, tribal members complained that more Indians than those residing on the reservation and directly affected by the gambling are listed on the voting roster. Waddell reported that although 3,000 tribal members reside on the Shooting Star reservation, about 22,000 are listed on the voting list. Further, one of the tribal members interviewed by Waddell said,

We have signed affidavits from people saying they helped stuff the ballot box, but the U.S. attorney said there’s no statute to prosecute election fraud on an Indian reservation. So that basically gives a chairman a license to steal. Indian sovereignty precludes non-Indians from interfering with how tribes conduct their government. That preclusion carries over to Indian gambling. If a customer who is not Indian believes there is a reason to file a complaint against the tribe’s gambling establishment, the customer soon becomes frustrated, as there is no complaint process (“Poor accountability,” 1993).

Also noticed in 1993 was the increase in problem gamblers on Indian reservations. Chris Armentano, Director of a gambling treatment program in Middletown, Connecticut, home of the Pequot Indian owned Foxwoods Casino, is reported as stating,
I see us moving so rapidly away from moderation and into a dream world. Putting in video slots or adding more casinos will just increase the amount of temptation and make it more difficult for my clients to remain abstinent ("Nationwide shift," 1993).

The executive director of the National Council of Problem Gambling said, “We’re in the midst of an extremely rapid shift in availability and acceptability of legal gambling in this country ("Nationwide shift," 1993).

Indian Reservation Gambling: Is it good for the soul?

A George Will 1993 commentary, “Gaming epidemic sapping our souls,” suggested,

Gambling inflames the lust for wealth without work, weakening a perishable American belief- that the moral worth of a person is gauged not by how much money he makes but by how he makes his money (Gaming epidemic, 1993).

A 1993 news article reported the growth of Indian gambling casinos are negatively impacting the communities surrounding the reservation. Unemployment, it states, hovers at 60 percent. The article reported a tremendous increase in alcoholism. It also alleged that crushing poverty, poor health, poor education, poor self-esteem and pervasive hopelessness exists in areas where there is legalized gambling on Indian reservations ("State gaming fears, 1993).

Stories of increased crime, alcoholism, and problem gambling, along with organized crime’s infiltration seem to overshadow any success experienced through tribal legalized gambling. For instance, the Minnesota state government’s Internet site reported Indian gaming economic impact statistics. It showed that March 1995 statistics revealed that less than one-third of the Indian tribes in the United States have gaming operations. Further, it stated Indian gaming revenues must be returned to the tribes to fund the tribe’s
government needs. In citing statistics from Minnesota and Michigan, the report read, 

Welfare payments in counties [in Minnesota] with casinos dropped 14 percent between 1987 and 1991, while statewide, payments increased 17 percent. That drop in casino counties saved the state an estimated $7 million in welfare payments. ...(www.library.leg.state.mn)

Prior to their casino jobs [in Michigan], approximately 37 percent of tribal gaming employees were receiving state or federal welfare assistance and an additional 31 percent were receiving state or federal unemployment compensation. Casino operators spend nearly $41 million per year to buy supplies, food, utilities, insurance and other necessary items (www.library.leg.state.mn). The proliferation of gambling in America, sources report, has affected the growing number of compulsive gamblers in America. News of problem gambling on the rise in areas where gambling is legal also reports that teen gambling is increasing.

"We have an epidemic in America, a little-noticed epidemic," said Dr. Durand Jacobs, a clinical psychologist in Redland, California, and a pioneer in the treatment of compulsive gambling. Experts say compulsive gambling among teens is growing along with the gambling industry in the United States.

"Some of these kids are going to wind up having disastrous gambling careers, and it's preventable," said Henry Lesieur, chair of the criminal justice department at Illinois State University. Statistics are scarce, but experts say anecdotal evidence is building that more teens are becoming problem gamblers. "We're finding that the very young are far more affected by the changing scene of gambling in America than are the adults," said Jacobs ("Concerns grow over," 1994, p.14E).

"Gaming on reservations could break cycle of poverty," an article by Tim Giago published in March 1993, presented the benefits of Indian gaming. He stated,

[T]he tribal governments spend millions of dollars building houses, businesses and other structures upon Indian lands from the millions they earn in gaming revenues, thus contributing to a strengthened economy. ...Overall, Indian gaming is probably much more on the up and up than gaming in states with legalized gambling.
Again, facts presented by one group differed from the rhetoric of another. On January 25, 1997 the *Economist* distributed via Internet updated information on the economic fallout from Indian gaming under the title, “A Busted Flush- How America’s love affair with casino gambling turned to disillusionment.” An excerpt of that article reflected,

[S]ince mid-1994, anti-gambling groups, led by the National Coalition Against Legalized Gambling, have helped to defeat more than 30 state legislative or ballot proposals ...Despite spending a fraction of their opponents’ budgets on lobbying politicians and voters, the lobby against gambling has proved remarkably effective. The gambling industry is hitting back. In June, 1995 it organized itself into the American Gaming Association; it spend serious money trying to limit further damage to its fortunes. But it is likely to be a bruising and losing battle (“Gambling Advocates should not be part of the National Gambling Impact Study Commission: A Busted Flush,” U.S. House of Representatives, 1997).

**The National Governors’ Association on Indian gaming**

A top agenda item for the 1992 Western Governors Administration meeting in Washington, D.C. was Indian gaming. Nevada’s Governor Bob Miller, along with four other Western governors, reportedly met for 3½ hours with the transition team for President-elect Clinton. Batt reported Miller’s comments upon leaving the meeting. Indian gaming is proliferating into areas that the legislation did not contemplate. It was meant to provide for the economic viability of the tribes, but the courts are interpreting it so that exclusive gaming-rights are being carved out for the tribes (“Miller meets with,” 1992, p.5A).

Nevada’s governor frequently was linked to news stories concerning Indian gaming in 1993. In March, 1993, Indian leaders reportedly opposed Governor Miller’s recommendation that the federal government suspend approval of Indian gaming compacts in dispute. It was reported both parties, Indian leaders and governors, met with Secretary
of the Interior Bruce Babbitt. The governors urged the moratorium while the tribes urged against delaying approval of compacts. The governors' concerns focused on a state's authority to control the expansion of gaming operations on reservations located within the state. For instance, it was reported a federal mediator ruled in favor of Arizona's tribes, against the State, when he allowed,

...each of Arizona's tribes to operate up to 2,600 slot machines and casino games such as poker, blackjack, craps and keno. The mediator justified his ruling by noting the state allows charity gambling. On Friday, Republican Gov. Fife Symington of Arizona attempted to get around the ruling by signing a statewide gambling ban, including a prohibition on charity gambling. Symington ... said the mediator's ruling means Arizona voters “would not have a say about the eventual conclusion, which is that we would become a full-blown gambling state” (p.2B) (“Tribal gaming views,” 1993).

This article also reported Keeechi, chief of the Delaware Nation in Anadarko, Oklahoma, as stating he did not believe Babbitt would rule against the tribes as Babbitt is responsible to the tribe (p. 2B).

Sources reported in April 1993 that Nevada's congressional delegation, along with Governor Miller, were purposely absent from a House National Resources Subcommittee hearing on the disputes between states and tribes over Indian reservation gaming. Nevada's elected officials determined to “lower their profile in the debate between states and tribes (“Nevadans to skip,” 1993). Senator Bryan told the press, “By appearing there, we would be playing into the hands of the Indian tribes who clearly want to make this only a Nevada issue” (p.4F). Senator Bryan’s remarks, along with the delegation’s, responded to Senator Inouye’s earlier comments labeling IGRA a Nevada bill. Inouye reportedly stated that Nevada’s gaming industry may have misled Indians into believing states would willingly negotiate compacts according to IGRA. He also
referred to the Indian Gaming Regulatory Act of 1988 as the "Nevada bill" (p. 3F).

Senator Reid denied Inouye's accusations (p. 3F). Inouye replied to Nevada's response stating,

All I wanted to point out was that the bill that became law was not a committee bill nor was it an Indian bill. It was a bill that for the most part was drafted by Nevada business interests and state interests ("Inouye denies," 1993, p. 12E).

Batt's article continued, reporting that Inouye advised tribes if he had known states would use the Tenth and Eleventh Amendments to the Constitution to avoid negotiating compacts, "we would not have gone down this path" (12E). Governor Miller continued his attack on the courts' interpretation of IGRA. The March 9, 1993 Las Vegas Sun reported Miller and Babbitt reached agreement that Congress should clarify states' authority overseeing Indian gambling. Miller stated,

We outlined the governors' position that just because there is one form of... gaming in the state does that mean there should be other forms allowed?" ("Miller, Babbitt hash," p. 3A).

Indian Country Today reported on the governors' desire for Congress to reopen IGRA. A letter to the editor "What are governors whining about?" was printed,

America's Indian communities are doing what they can to help to improve their own economies, as well as that of the rest of America. It would seem more enlightened and more white of the governors to support and compliment their Indian neighbors and the economic development they have generated than to oppose them. But it seems they would rather take the low road, the all-too-common white road, and fight Indians, than use the vast resources of their own offices and government to create new jobs, reduce their own need for tax support, or reduce the millions of people they have on public welfare. It must be awful to live with White Privilege all the time, and not know when it gets to look very petty and very racist. But just as it is very hard for a fish to discover water, it is obviously very hard for the largely white National Governor's Association to get past their historical resentments and prejudice against America's Indians. I really do feel sorry for them. -Lee Cook, Minneapolis, Minnesota ("What are governors," 1993 p.A4).
“Gloves come off between states, tribes,” also printed by Indian Country Today reported that the National Governors Association, in a vote of 49 to 1, passed a resolution urging amendments to the Indian Gaming Regulatory Act to restrict gaming on tribal lands (1993, p A1). By September 1993, it was clear to the tribes that the governors’ position to amend IGRA was not negotiable. “Governors firm on scope of Indian gaming,” reported,

The nation’s state governors, with one exception, are adamant in their position that tribal operations should be expressly limited to the specific games authorized by stated, according to an August 17 letter from the National Governors Association to the Senate Indian Affairs Committee. Kansas Gov. Joan Finney stands alone in her staunch support of tribal sovereignty as related to Indian gaming.

Tim Wapato, executive director of the National Indian Gaming Association, responded to the governors’ stating,

We’re still in dialogue. I think it’s premature of the governors to be sending any letters about any topic involved in discussion. (The letter) really hints toward bad faith, but the tribes are going to follow through with the integrity of the process (p. A3)

The argument between the states and tribes illustrates the importance Indian gaming holds nationwide. Debates demand a clarification of IGRA and a moratorium on the spread of Indian gaming until Congress revisits IGRA. Bitzer theorized it is a situation’s significance that invites and promotes talk. The governors and tribes attached significance to Indian gaming through their ongoing debates. There are now literally thousands of information pieces on the pros and cons of legalized gambling on Indian reservations.

Gambling’s future is questioned in Chapter 5. A pending investigation into the
economic and social impact of legalized gambling on society is discussed. Congress’ failure to reopen the Indian Gaming Regulatory Act is also discussed in Chapter 5.
Chapter 5

Legalized gambling: Its future

On December 8, 1995, Senator John McCain (R-Ariz), Chairman of the Senate Committee on Indian Affairs, addressed Arizona tribes. McCain addressed the failure of the Bureau of Indian Affairs to implement laws passed by Congress which provide assistance to Indians.

It has been over seven years since Congress passed the Indian Self-Determination Act Amendments of 1988 and yet we still have no regulation. It has been four years since the Congress passed the Indian Child Protection and Family Violence Prevention Act. The BIA [bureau of Indian affairs] has not requested the funding necessary to implement the law. The indifference is unconscionable and it must stop. One-half of Indian children under the age of six living on reservations are living in poverty. There are over 90,000 Indian families who are homeless or living in substandard housing. American Indians still suffer the highest mortality rates for any group in the Nation due to alcoholism, tuberculous, diabetes, pneumonia and influenza. The bureaucracy which has been established to deal with these problems is a failure by any measure (Appendix IV).

Senator Daniel K. Inouye, Vice-Chairman of the Senate Committee on Indian Affairs, spoke to the United South and Eastern Tribes on February 25, 1995 during the Indians’ Annual Washington Impact Week. Inouye spoke on Indian sovereignty and his support of Indian nations in America. Neither he nor McCain addressed the Indian Gaming Regulatory Act or the problems surrounding its implementation. An excerpt of Inouye’s remarks read,

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Thus far, we have heard very little in this debate about the status of tribal governments, and whether the much talked-about “contract with America” has as one of its objectives, a change in the relationship between the United States and Indian Nations. ...It was a contract with the first citizens of America. The terms of that contract were spelled out in treaties, and later in presidential executive orders and laws enacted by the Congress. ...Our challenge in the days and weeks to come will be to make certain that all of the new members of the Congress are equipped with an understanding of this history—how and when it was that your sovereignty as nations was first recognized and the governmental status of relations with the federal and state governments that flows from that status. ...While there are some of us in the Congress who know your history, we will not be able to educate the newer members of the Congress without your help. ...In the same vein, as has been our practice in the past, we will not presume to make decisions for you, and we will await your guidance...(Appendix IV).

Seven months later, Tom Grey, Executive Director of the National Coalition Against Legalized Gaming, appeared before the U.S. House Judiciary Committee. His testimony against the proliferation of legalized gambling in America links gambling to crime, divorce, alcoholism, lower employee productivity, and addictions. Grey cites that in 1994 the anti-legalization of gambling grassroots efforts of the NCALG and state groups in Colorado, Florida, Minnesota, Oklahoma, Rhode Island and Wyoming proved successful in fending off passage of statewide referendums addressing either the legalization of gambling or expansion of the gambling currently allowed in the state. He further related that in 1995, casino corporations and operators were successfully blocked at the ballot box or by legislatures in Alabama, Illinois, Maryland, Pennsylvania, Texas, Virginia and West Virginia ( "Major state battles over gambling, 1994-95", NCALG ). An excerpt from his testimony shows the contrast between the rhetoric supporting legalized gambling and non-supporters of gambling.

A battle is raging across our country. Ambitious gambling promoters have been invited into our communities by some state and local officials under the guise of prosperity, economic development, jobs, and a painless new source of
The recent, rapid spread of gambling was never the result of a popular movement. Rather, it was driven by self-interested gambling pitchmen with money, high-priced lobbyists, and pie-in-the-sky promises. Cash-starved municipalities and legislatures, eager for a way to increase revenue while avoiding voter backlash, were vulnerable to the prospect of something-for-nothing...(Appendix IV).

The 1995 debates were the same as those heard in 1992, 1993, and 1994. Debates on the expansion of legalized gambling nationwide became a research topic for university students. One such student distributed her findings on the Internet through NCALG’s link. Amy J. Seifert’s 1996 study reviewed the stakes and players, assessed the public opinion from Gallup polls conducted on legalized gambling between the years 1950 and 1980, and analyzed the impact advertising campaigns have on changes in public attitudes toward legalized gaming. Her research appears on NCALG’s anti-gambling website. Seifert reported gambling to be socially acceptable as it provides entertainment and government revenue. Gambling, viewed as a means of raising revenues to benefit health, education, and welfare programs, was in 37 states in the form of state sponsored lotteries. Seifert further said that the growth of legalized casino style gambling nationwide may be construed that gambling is now accepted by the public. She also pointed to the issues surrounding legalized gambling as proposed by opponents of legalized gambling, stating “Some say that gambling feeds on lower classes and devastates the lives of hard core gamblers while others argue that it benefits education” ("Other student projects," 1996 University of Tennessee, NCALG, IRC.).
Nevada’s gaming regulators and gaming experts speak out

In a 1994 interview for this thesis, William Curran, Nevada Gaming Commission Chairman commented on the infiltration of organized crime in Indian gaming.

I think that society is very much at risk to from under-regulation of activities on both Indian lands and non-Indian lands. ... I think there’s a great fear that the tribes are not going to do an effective job of regulating themselves, and that they’re going to be a fertile ground for activities by the criminal element (Appendix III).

The news of Louisiana’s gambling establishments being skimmed by organized crime and Illinois’ state police’ conviction of organized crime figures involved in legalized gaming, substantiated the need for regulation over gaming. Nevada’s policy makers, regulators, and casino resort executives expressed concern over lawmakers’ anticipated reaction to the Louisiana scandal. Steve DuCharme, a member of the Nevada Gaming Control Board was quoted by the Las Vegas Review-Journal, “I think in any jurisdiction where gaming is just starting to emerge, this is going to be ammunition for the anti-gaming interests. This is the ultimate horror story: the infiltration of the gaming industry by organized crime” (Louisiana scandal may hurt,” 1994). In the same article, Bible, Nevada Gaming Control Board chairman, which board makes gaming licensing recommendations to the Commission, responded, “We’re going to see increasing problems of this nature in the future.” He explained problems will arise as states vary in gaming regulatory systems and capabilities. He further pointed out that some states do not have the sophistication to uncover unsuitable gaming applicants. Marc Grossman, vice president of corporate communications for Hilton Hotels, Inc. stated, “It is a critical time in this industry’s history. Any negatives that arise from this certainly can impact us in all sorts of ways”(Louisiana scandal may hurt,” 1994).
In 1994 Congress' intent to revisit the Indian Gaming Regulatory Act of 1988 got side-tracked. The idea of forming a panel to study gambling nationwide was reported on the front page of the Las Vegas Review-Journal in September 1994. Rep. J. LaFalce (D-N.Y.) announced he was submitting legislation to re-establish the Commission on the Review of the National Policy Toward Gambling, previously created in 1970 and disbanded in 1976. In October 9, 1994 University of Nevada, Las Vegas Professor Bill Thompson contributed his thought on LaFalce's proposal. Thompson's article, "Congress opens debate on federal regulation of gaming: Among concerns is the spread of Indian gaming--a concern that gaming be well-regulated and benefits go toward building the Indian community," advised Nevadans of Rep. J LaFalce (D-N.Y.) recommendations,

After listening to what was a very biased group, he [LaFalce] concluded that there was a 'crying need for a national policy' on gambling. He [LaFalce] maintains that we have not had such a national study since the 1970s. 

...Evidently Rep. LaFalce and others are unaware that there was a nationally directed study of gambling in 1985 and 1986. The president's Commission on Organized Crime during the Reagan administration did sponsor a series of comprehensive studies, including one on gambling. I [Thompson] was one of two consultants selected to conduct the study on gambling. ...We offered the belief that the casino industry had for the most part 'cleaned up' its act, and in Nevada and New Jersey it was well-regulated...[W]e pointed out evidence that criminal elements always stood by ready to intervene if given the opportunity. ... We saw the spread of gaming was much faster than the spread of knowledge about gambling and all its social impacts. ...We also recognized that the time line was against control. Things were happening too fast, even then. We believed that during the time for studies...we suggested five years...there should be a moratorium on all new gambling legalizations. We also indicated that the goal of the studies must be directed toward the development of national uniform standards for gambling regulations and policy.

In December 1994 LaFalce's bill to study the impact of gambling was introduced in the Senate. Nevada's gaming lobby, along with Nevada's Congressional
delegation, gathered in Washington to oppose federal intervention. German, in his Las Vegas Sun commentary column, reported,

The negative tone of the hearing caught Rep. James Bilbray, (D-Nev.) ... by surprise. It also sent shock waves through the industry from Capitol Hill to Nevada, where gaming regulation is held up as the nation’s model. The news did not go over well with casino operators. ... ‘It is disturbing to me that there was not one industry witness present at the hearing to rebut these unfounded attacks on the primary industry of my state,’ Reid wrote. Reid (Sen. D-Nev.) and Bilbray urged LaFalce to give the casino industry a chance to respond and clarify the record. (“New gaming threat,” 1994).

LaFalce’s legislation, H.R. 462 to establish a gambling impact study commission, as discussed in chapter 4, was supplanted with H.R. 497, sponsored by Rep. Wolf (R-Va.). H.R. 497, signed into law as P.L. 104-169 August 3, 1996, establishes the National Gambling Impact and Policy Commission. This commission’s assignment,

...[C]onduct a comprehensive legal and factual study of the social and economic impacts of gambling in the United States on: (1) Federal, State, local and Native American tribal governments; and (2) communities and social institution generally, including individuals, families, and businesses within such communities and institutions. Mandates a report to the President, the Congress, State Governors, and Native American tribal governments. Requires the Commission to contract with the Advisory Commission on Intergovernmental Relations and the National Research Council of the National Academy of Sciences for assistance with the study. Authorizes appropriations (On-line. Available: http://www.law.house.@thomas.loc.gov).

Could Congress' intent in establishing this Commission lie in federal taxation of gambling or federal regulation over all gambling throughout the country, whether on or off the reservations? In 1995, commentary columnist and political analyst Jon Ralston asked, “Why would a national gaming commission be so bad for Nevada?” (September 26, Las Vegas Review-Journal, p. 7B). Frank Fahrenkopf, the American Gaming Association’s CEO, answered Ralston’s question with the suggestion that the study is proposed by a person who zealously opposes gaming. Ralston wrote,
Confusion still abounds among the states, Indian tribes and the government six weeks after a Supreme Court decision limiting the power of Congress to force states and tribes to reach agreement on casino gambling. ...A common thread through testimony Thursday before the Senate Indian Affairs Committee was the need for Congress to address the issue in the wake of the court’s decision ... But Sens. John McCain, the chairman, and Daniel Inouye the committee’s top Democrat, indicated that won’t happen in the near future. Inouye said, “We are not on a fast track to come forth with a fast fix” ("Gaming ruling unclear," 1996, p.16A).

A March 28, 1996 Las Vegas Review-Journal editorial, "Indian gaming: High court decision a victory for states" observed,

... Of some interest also is how the ruling highlights the governmental purgatory in which Native American tribes exist. On the one hand, for the purposes of Wednesday’s ruling, the high court considers Native Americans to be citizens for foreign nations, prevented from suing a state by the 11th Amendment. But if Indian reservations are pockets of foreign sovereignty within the United States, why does the federal government exercise control over them at all? Why do we have a Bureau of Indian Affairs? Why must sovereign Indian nations grovel before governors and congressmen before they may offer gaming in the first place? When defining the status of Native Americans and their reservations, we have developed a pattern of least resistance: They are sovereign nations when it benefits us to recognize them as such, dependent subjects when that’s the more convenient and politically acceptable course. Wednesday’s decision moves us no closer to a resolution of such hypocrisy.

The 1995 debates were the same as those heard in 1992, 1993, and 1994. Debates on the expansion of legalized gambling nationwide became a research topic for university students. One such student distributed her findings on the Internet through NCALG’s link. Amy J. Seifert’s 1996 study reviewed the stakes and players, assessed the public opinion from Gallup polls conducted on legalized gambling between the years 1950 and 1980, and analyzed the impact advertising campaigns have on changes in public attitudes toward legalized gaming. Her research appears on NCALG’s anti-gambling website. Seifert reported gambling to be socially acceptable as it provides entertainment
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After listening to what was a very biased group, he [LaFalce] concluded that there was a ‘crying need for a national policy’ on gambling. He [LaFalce] maintains that we have not had such a national study since the 1970s. ...Evidently Rep. LaFalce and others are unaware that there was a nationally directed study of gambling in 1985 and 1986. The president’s Commission on Organized Crime during the Reagan administration did sponsor a series of comprehensive studies, including one on gambling. I [Thompson] was one of two consultants selected to conduct the study on gambling. ...We offered the belief that the casino industry had for the most part ‘cleaned up’ its act, and in
Nevada and New Jersey it was well-regulated. We pointed out evidence that criminal elements always stood by ready to intervene if given the opportunity. We saw the spread of gaming was much faster than the spread of knowledge about gambling and all its social impacts. We also recognized that the time line was against control. Things were happening too fast, even then. We believed that during the time for studies...we suggested five years...there should be a moratorium on all new gambling legalizations. We also indicated that the goal of the studies must be directed toward the development of national uniform standards for gambling regulations and policy (pp.1C,5C).

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...[C]onduct a comprehensive legal and factual study of the social and economic impacts of gambling in the United States on: (1) Federal, State, local and Native American tribal governments; and (2) communities and social institution generally, including individuals, families, and businesses within such communities and institutions. Mandates a report to the President, the Congress, State Governors, and Native American tribal governments. Requires the Commission to contract with the Advisory Commission on Intergovernmental Relations and the National Research Council of the

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...[T]he fact is his [Wolf's] idea comes at an unfortunate confluence of events for the gamers; the attraction of the Christian Coalition to the issue, the need for money to balance the budget, and the continued existence of stereotypes about gaming (organized crime influences, destroyer of cities, etc.). And, again at the risk of being immolated at that stake, I’d say the gamers have to realize, as one insider put it, that ‘they are victims of their own success. If they had stayed in New Jersey and Nevada, this wouldn’t have happened. But this [gaming] is a national industry, and so taxation comes up.’ And it is taxation that frightens the gamers, not the study per se, which is only an interim step (p. 7B).

Nevada’s gaming industry and state regulatory system under attack

Recent allegations threatening to damage Nevada’s gaming regulatory agency’s reputation recently surfaced. Nevada is now a target of criticism nationally. Implementation of its gaming policies and procedures are under attack. The attorney general’s office and the control board are in a political war. The attorney general is currently being accused of purposely attempting to embarrass Nevada’s gaming’s board. A former gaming board technician’s arrest by a deputy attorney general on charges stemming from influence peddling and slot manipulation may now have affected Bill
Bible's appointment to the National Gambling Impact and Policy Commission. The
deputy attorney general's tapes of Harris' interview were released to ABC for airing. The
attorney general's office denies sending the tapes to anyone except Harris' attorney, its
counterpart in New Jersey, and to Bible.

The tapes played on the television program "Prime Time Live" left congress
questioning the integrity of Nevada’s gaming industry and ability to regulate herself. The
"Harris Tapes" revealed that "Las Vegas is a town where people are offered a free casino
buffet for cashing their paychecks" (Much ado," 1997). Bible was portrayed by Prime
Time Live's correspondent as being in charge of a gaming control board that has been
compromised. The argument could be made that if Nevada did not have an excellent
gaming regulatory system, Harris, the arrestee, would not have been caught. Congress'
lack of understanding the gaming industry's business became evident through their
response to the tapes. Ralston explained the situation and Congress' response best,

Ordinarily, the unsubstantiated musings of a convicted slot cheat and a man
barred from the industry wouldn't be much to fret about. But these are not
ordinary times for the casinos and the state. And with an unfortunate
confluence of circumstances, including an incipient federal gaming
commission, ... last week's national broadcast of The Harris Tapes saga will

Ralston continued, reporting on Ross' naivete,

Ross' four month investigation uncovered: That slot machines are
programmed to make people think they've come close to winning jackpots,
thus inducing them to keep playing. Forget that so-called near-misses are
regulated by the state--which ABC never mentioned--and were the subject of
a celebrated 1989 case against Universal Distributing Inc (By the way, how
much should regulators force casinos to do to dissuade gamblers from, well,
gambling?) ... The report's bathos could not quash the frothing from anti-
gaming zealot Frank Wolf, the Virginia congressman who seized upon the
ABC piece to implore the FBI and FTC to investigate the industry. ABC's
sensationalism encouraged Wolf's pummeling (p.1D).
Bill Bible's appointment to the gaming study panel is now in jeopardy. Sources reported in February 1997 that anti-gambling forces opposed his nomination ("Gaming study panel," 1997).

Gambling's future in America

The proliferation of legalized gambling in America seems to be at a standstill. The Supreme Court's decision in Seminole declaring sections of IGRA unconstitutional and Congress empowering a commission to investigate legalized gambling's affect on society halted action on new Indian gaming compacts. The rhetoric on legalized gambling is overwhelming. There are now literally thousands of informational pieces on the pros and cons of legalized gambling in America. The rhetoric included in this study represents about one-eighth of the arguments in print on legalized gambling.

The rhetoric surrounding the proliferation of legalized gambling in America reflects gambling's significance in society and business. Anti-gambling coalitions may argue any consideration to amend IGRA should be placed on hold until the study commission returns with its findings, due in two years. Nevadans are concerned that without an amendment providing states some authority over gambling operations on reservations, Indian sovereignty will allow increase organized crime's involvement in Indian gaming. The threat of legalized gaming existing without adequate regulations threatens Nevada's regulatory system and gaming industry. The materials reviewed for this study make it clear Nevadans do not want their gaming industry controlled by the federal government. Absent the enforcement of regulations in Indian gaming, the gaming industry's image as a whole will suffer.
Bitzer's theory rhetoric is situational

The Indians' poor standard of living on reservations left them looking for revenue raising activities. As Senator McCain noted, the Bureau of Indian Affairs' failure to provide assistance to tribes contributed to the Indians' present living conditions.

In the present study the situation demanding response through thought and action is the Indians' need for health, education, and employment programs. A few tribes turned their situation around through the opening of gambling facilities on their reservations. Rhetorical discourse occurred as state governments felt helpless when they failed to halt gambling activities on the reservations. Arguments occurred at local, state, and national levels of government. These arguments continued due to unclear, inconsistent judicial decisions. Some judicial decisions favored the tribes, others partially favored the states.

The circumstances surrounding Indian gaming and gaming's popularity nationwide meet all of the condition's established by Bitzer. Clearly the rhetoric from all parties interested in gaming regulations and laws is capable of altering present conditions. In fact, it has already done so. Because of the continued debates between tribes and states, along with reports of organized crime's activity in gaming operations on reservations, Congress passed a law establishing the study commission. This commission, with its findings, could recommend drastic changes in the regulation of gaming in America.

Another of Bitzer's conditions, that a rhetorical situation must exist as a necessary condition of rhetorical discourse, is met in the instant study. Without the
situation of Indian poverty on reservations, the Indians might not have turned to legalized gambling to raise revenues. States followed then they turned to legalized gambling as a means of raising revenues. Legalized gambling invited rhetorical response from interested parties through state/tribal compacts, federal regulations, and ballot initiatives. The exchange of ideas and opinions to change a current condition or situation is a right guaranteed under the Constitution.

Further studies

Further studies applying rhetorical theory and criticism to the legalization of gambling in America might reveal future paths of gambling in America. For example, should the Indians’ standard of living substantially change, without the proceeds of gambling revenues, would the Indians still want to operate gambling saloons? If not, would the popularity of legal gambling cease? If that happened, how would it affect Las Vegas?

A complete historical overview of the print media’s role in the legalization of gambling would be another area of study for students in communication. Reviewing the newspaper placement of specific types of stories on legalized gambling could determine the subject’s importance during that time frame. A survey of Nevadans’ support or nonsupport of legalized gambling on Indian reservations is another topic for discussion.

It is hopeful this study reviewing past and current debates on the legalization of gambling will assist policy makers in making decisions which will benefit society as a whole.
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APPENDIX II

Mailouts from the National Coalition Against Legalized Gambling (NCALG)

1. NCALG Newsletter, Volume 4, Number 1, Fall 1996 (1 page double-sided to 2 pages).


3. Gambling Information I and II (3 pages double-sided to 6 pages single sided).

4. "The Case Against Legalized Gambling" (1 page single sided).


7. Quotes Regarding Legalized Gambling complied by the Community & Environmental Defense Services (CEDS) (5 pages double sided, 1 page single to 11 pages single sided).

8. Gambling Annotated Bibliography (5 pages double sided, 1 page single to 11 pages single sided).

9. Congressional Hearing July 21, 1994, Statement of John Warren Kindt, Professor, University of Illinois at Urbana-Champaign (2 double sided pages, 1 single sided to 5 single sided).

10. "Gambling as Economic Policy: Enumerating why Losses Exceed Gains" (3 pages double sides, 1 single to 7 single sided).

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1 Note in parenthesis the number of pages of the original sent by NCALG is first, followed by the number of pages once converted to copy.
FEDERAL GAMBLING STUDY COMMISSION IS FORMED

On August 3, President Bill Clinton signed into law H.R. 497, legislation to create a 9-member federal commission to investigate all facets of gambling in America.

This new law, sponsored by Congressman Frank Wolf (R-VA), Senator Paul Simon (D-IL) and Senator Dick Lugar (R-IN), gives the commission a two year mandate and sweeping subpoena powers.

NCALG Executive Director Tom Grey testified in favor of this legislation in both House and Senate committees. NCALG's Vice President Mark Harrison and Political Director Bemie Horn were involved in the congressional battle over the gambling commission every step of the way. And NCALG members made the difference in Congress by flooding Representatives and Senators with calls and letters in favor of this important measure.

The casino gambling industry, represented by their Washington-based lobbying organization called the American Gaming Association (AGA), fought the gambling commission legislation tooth-and-nail.

First the AGA tried to kill the bill outright, and when that proved impossible, they tried to strip the commission of subpoena powers. Although AGA President Frank Fahrenkopf called the subpoena power "unwarranted," "an intrusion," and "unprecedented," anti-gambling forces prevailed. The commission was granted an unrestricted power to subpoena documents, research and computer data from the gambling industry.

"This was a major victory for our cause," declared Tom Grey. "The activities of this federal commission will energize our activists and the commission's final report will act as a wake-up call for the entire nation."

NCALG CALLS FOR NATIONAL MORATORIUM ON GAMBLING EXPANSION

WHEREAS, President Clinton signed the National Gambling Impact and Policy Commission Act, H.R. 497, on August 3, 1996;

WHEREAS, this legislation sets up a federal commission to conduct a two-year, comprehensive study of both the advantages and disadvantages of legalized gambling;

WHEREAS, dozens of governments across the U.S. are considering plans to expand legalized gambling based upon the assumption that the financial benefits of gambling outweigh economic and social costs;

WHEREAS, the federal gambling study commission, with a multi-million dollar budget and broad subpoena powers, will uncover, develop and publicize a great deal of new information on the merits of gambling;

WHEREAS, once governments start a form of gambling, it becomes almost impossible to stop it;

WHEREAS, the only wise course for governments is to wait for the federal gambling study commission before deciding on any proposals to expand gambling;

Therefore, be it RESOLVED that, the National Coalition Against Legalized Gambling calls on every state, city, tribal government and governmental agency to institute a two-year moratorium on the expansion of legalized gambling until after the issuance of the final report of the federal gambling study commission.
GAMBLING EXPANSION IS ON MANY BALLOTS IN 1996

Arkansas - There are four pro-gambling initiatives scheduled for the November ballot. All four proposed constitutional amendments would permit a state lottery and charity bingo. In addition, one proposal would legalize up to eleven casinos across the state, one would legalize eight casinos, one would legalize three casinos in Hot Springs, and one would legalize video slot machines. (The last may be knocked off the ballot by a lawsuit.)
Contact: Tony Hilliard at 501-376-8222.

Colorado - A statewide referendum will be held in November on legalizing casino gambling in the city of Trinidad, about 15 miles north of the New Mexico border.
Contact: Doug Holdread at 719-846-5594.

Louisiana - On September 21, voters will decide whether to amend the gambling provision of the state constitution. "Amendment 1," written during a special session of the state legislature, is so confusing that no one is really sure how the courts will interpret it. Gambling opponents are against Amendment 1 because it would likely keep all existing types of gambling in the state. The legislature also scheduled parish-by-parish referenda in November to allow voters to exercise a "local option" on casinos and video slot machines. Legal authorities disagree on what impact the September 21 referendum would have on the November 5 referendum.
Contact: Tim Johnson at 318-768-2165.

Michigan - A Detroit group led by Mayor Dennis Archer petitioned onto the November ballot a referendum to legalize three gambling casinos in Detroit.
Contact: Brad Bartelmay at 616-469-1250.

Ohio - Gambling proponents successfully gathered signatures for an initiative to legalize eight dockside casinos in Cleveland, Cincinnati, Lorain, Mahoning County and Hamilton County. Governor Voinovich, Attorney General Montgomery, and the state Chamber of Commerce have come out against this constitutional amendment.
Contact: Richard Stowell at 614-457-9988.

West Virginia - There will be a county-wide referendum on legalizing video slot machines at the Charles Town racetrack. Jefferson County is about an hour north of Washington, D.C.
Contact: Charlie Hall at 304-728-4777.

Washington State - Indian tribes have petitioned onto the November ballot a proposal to legalize a limited number of slot machines at tribal casinos. A similar 1995 initiative was clobbered, so this one is more modest.
Contact: David Welch at 360-456-6799.

HOW TO CONTACT NCALG:

- Call our National Information Office at 800-664-2680
- Write to our Washington, D.C. office at 110 Maryland Avenue, N.E., Washington, D.C. 20002 or call 202-54-NCALG
- Send E-mail to ncalg@wave.park.wy.us
- Visit our home page on the World Wide Web at http://www.iques.net/cpage/ncalg

ANTI-GAMBLING RESOURCES ARE AVAILABLE TO YOU...

Multiple copies of our informational brochure, "In This Game We All Lose..." are available from our National Information Office. Just call 800-664-2680 or E-mail to ncalg@wave.park.wy.us.

We still have tapes available of the lectures from our 1995 conference in Orlando, Florida. For a limited time, we are offering these tapes at a huge discount, $5 for a full set of audio tapes or $10 for a full set of video tapes. Get them while they last! Send your check to NCALG's National Information Office at 540 South Palisade Drive, Orem, UT 84058.
ANTI-GAMBLING ACTIVISTS WIN BIG IN 1996

FINAL SCORE IN MAJOR BATTLES THIS YEAR: NCALG - 24, VEGAS - 1

This year's round of battles over gambling is finished, and the winner is: NCALG!

■ OVERALL - In 1996, out of 25 major battles over gambling legislation and referenda (in the U.S. Congress, 23 states, and the District of Columbia), gambling opponents won 24 and lost only 1. It is unlikely that any other national interest group can boast a better record of success this year.

■ REFERENDUM VOTES - Gambling opponents won statewide ballot questions in 8 states (AR, CO, LA, NE-off-track-betting, ND, OH, WA) while very narrowly losing only one (MI).

■ REFERENDA KEPT OFF BALLOT - Gambling opponents successfully challenged or scared off proposed pro-gambling ballot questions in 5 states (CA, FL, NE-casinos, OK, RI) and the District of Columbia.

■ LEGISLATION - Gambling opponents won every battle this year, in 12 states (AL, HA, IL, KS, MD, NE, NH, NM, PA, VT, VA, WV, WI) as well as the U.S. Congress.

There were also many other battles on the local level, too numerous to list.

See inside for detailed results of 1996 referendum battles.

NCALG IS ON-LINE:

■ You can receive the latest updates on the gambling issue by sending us your e-mail address. NCALG's e-mail address is: ncalg@wave.park.wy.us

■ Or visit our Internet Home Page at http://www.iquest.net/cpage/ncalg

FIVE OF NINE FEDERAL COMMISSIONERS APPOINTED

As of December 1, five individuals have been appointed to the federal gambling study commission. Four more appointments are expected soon.

■ Paul Moore, a 69-year-old radiologist from Pascagoula, Mississippi was named by Senator Trent Lott. Moore is a neighbor and long-time campaign contributor to Lott. Moore says he has visited the Biloxi casinos, just 20 miles east of Pascagoula, but is neither for nor against gambling.

■ Dr. James Dobson, who heads the Christian conservative group Focus on the Family, was appointed by Senator Dan Coats. Dobson has editorialized against gambling on his syndicated radio show.

■ Terri Lanni, Chairman and CEO of the MGM Grand casino company in Las Vegas, was chosen by Las Vegas Congressman John Ensign. Lanni acknowledges that he will use his voice and vote on the commission to defend the casino industry.

■ Kay James, Dean of the Robertson School of Government at Regent University, member of the Virginia State Board of Education, and former Secretary of Health and Human Resources for the Commonwealth of Virginia, was Speaker Newt Gingrich's pick.

■ Leo McCarthy, the former Lt. Governor of California and former Speaker of the California Assembly, was selected by Senator Tom Daschle. McCarthy is a liberal Democrat who has a reputation for honesty and integrity. By all accounts, McCarthy is unbiased and open-minded on the issue.
RESULTS OF 1996 BALLOT QUESTIONS ON GAMBLING

MAJOR STATEWIDE BATTLES

Arkansas referendum - Amendment 4, a proposed constitutional amendment to legalize three casinos in Hot Springs, a state lottery and charity bingo was soundly DEFEATED by a margin of 61% to 39%.  

Colorado referendum - A statewide referendum to legalize casino gambling in the city of Trinidad, about 15 miles north of the New Mexico border, was DEFEATED by a margin of 68% to 32%.  

Louisiana referendum - Voters were allowed to expel casinos and video poker machines, parish-by-parish. A majority of parishes, 33 of 64, voted to prohibit the gambling machines. 14 parishes voted to ban riverboats, but each of the 6 parishes with current casinos allowed them to stay.  

Michigan referendum - Proposal E, a referendum to legalize three gambling casinos in Detroit was narrowly APPROVED by a margin of 52% to 48%. Lawsuits are expected.  

Nebraska statewide referendum - A constitutional amendment to permit off-track betting was DEFEATED by 62% to 38%.  

North Dakota referendum - On June 11, voters DEFEATED, by a margin of 68% to 32%, a constitutional amendment to legalize slot machines at bars, restaurants and hotels.  

Ohio referendum - Issue 1, a constitutional initiative to legalize eight dockside casinos in Cleveland, Cincinnati, Lorain, Mahoning County and Hamilton County was DEFEATED by a margin of 62% to 38%.  

Washington State referendum - Initiative 671 to legalize slot machines at tribal casinos was DEFEATED by a margin of 56% to 44%.  

MINOR OR LOCAL BATTLES

Alabama statewide referendum - A constitutional amendment to legalize commercial bingo parlors in three Morgan County cities was APPROVED by 57% to 43%.  

Arizona statewide referendum - An initiative to force Governor Symington to negotiate tribal gambling compacts with five tribes was APPROVED by a margin of 63% to 37%.  

California local referendum - The little city of Suisun APPROVED a cardroom by a narrow margin.  

Florida local referendum - Seminole County voted by more than 4 to 1 to ban gambling halls unless, in a later election, county voters specifically approve.  

Guam island-wide referendum - An initiative to legalize nearly unlimited casino gambling in the U.S. territory of Guam was DEFEATED by 73% to 27%. (NCALG helped the opponents.)  

Indiana local referendum - Voters in Marion County narrowly APPROVED a new racetrack.  

Iowa local referenda - Dallas County voters DEFEATED a riverboat by 58% to 42%. Muscatine County, which used to host a riverboat that subsequently left, DEFEATED the proposal for a new riverboat by 67% to 33%.  

Michigan statewide referendum - Voters rejected bingo for political fundraisers.  

Mississippi local referendum - Voters in DeSoto County DEFEATED a proposal to allow dockside casinos by 55% to 45%.  

Missouri local referendum - West Alton APPROVED a riverboat by nearly 2 to 1.  

Virginia local referendum - The tiny city of Manassas Park DEFEATED a proposed off-track betting parlor by 52% to 48% despite the fact that the racing industry spent more than $20 per vote on the campaign.  

West Virginia statewide election and local referendum - The good news is that our friend Attorney General Darrell McGraw, who was targeted for defeat by the casino companies, WON reelection by 53% to 47%. The bad news is that Jefferson County APPROVED video lottery terminals at the Charles Town racetrack.  

A 24-page report entitled "Gambling Under Attack" was published by Congressional Quarterly, 9/6/96. See the CO Researcher, Volume 6, No. 33 at your local library, or to order a copy for $8, call 202-887-8621.
VEGAS TRIES TO BUY INFLUENCE IN WASHINGTON

GAMBLING INDUSTRY BETS OVER $4.4 MILLION ON FEDERAL CAMPAIGNS
Includes $2.6 million in "soft money"

The casino gambling industry pumped more than $4.4 million into federal political contributions during the 1995-96 election cycle, including $2.6 million in "soft money" to the Democratic and Republican parties, according to data from the Federal Elections Commission (FEC) compiled by the Center for Responsive Politics and the National Coalition Against Legalized Gambling.

The totals will grow even higher as more information is filed with the FEC. In addition, these figures do not include the tens of millions of dollars spent by the casino industry in state races and in referendum battles across the country.

Soft money contributions from casino companies and Indian tribes total $2,596,670 from January 1, 1995 to October 15, 1996. This is a 58% increase since the 1993-94 election cycle when gambling companies donated $1,642,200 in soft money. 55% of soft money contributions in 1995-96 were given to the Republicans, 45% to the Democrats. This is similar to the percentages given to Republicans and Democrats in the 1993-94 election cycle.

Individual employees of gambling companies contributed an additional $1,825,842 to federal political candidates and gambling PACs from January 1, 1995 to August 31, 1996. Gambling PACs spent $1,082,102 from January 1, 1995 to September 30, 1996. More than half of all gambling PAC money was spent by a single PAC, Harrah's Entertainment, Inc. Employees' PAC, which reported disbursements of $535,472 so far during this election cycle.

"The gambling companies are trying to buy influence with Members of Congress and the President," explained Tom Grey. "They are trying to stack the deck. Their top priority is to weaken the new federal gambling commission's study by filling the commission with gambling advocates."

"When these commissioners are finally appointed, we'll see whether Las Vegas turns their millions in contributions into a political jackpot. If the gambling profiteers win, the American public loses," said Grey.

AMERICAN GAMING ASSOCIATION HIRED 18 LOBBYISTS TO DEFEAT FEDERAL GAMBLING STUDY COMMISSION

The American Gaming Association (AGA), the Washington, D.C. trade association of the commercial casino industry, hired 18 high-powered lobbyists in their failed efforts to kill or gut H.R. 497, legislation to create a federal gambling study commission, according to official reports filed with the Clerk of the House and Secretary of the Senate.

Just during the first six months of 1996, the reports show, the AGA fielded three in-house lobbyists, including Frank Fahrenkopf, former Chairman of the Republican National Committee under President Reagan, and William Sittmann, former Special Assistant to Reagan in the office of Michael Deaver.

The AGA paid $120,000 to hire six lobbyists from the Duberstein Group, including former White House Chief of Staff Ken Duberstein, former Mondale Treasurer Michael Berman (brother of California congressman Howard Berman), and former Executive Director of the House Democratic Caucus Steven Champlin.

The AGA paid $40,000 to hire two lobbyists from the law firm of Arter & Hadden, former Democratic congressman Dennis Eckart and Judy Kern Fazio, former Director of Finance for the Democratic Congressional Campaign Committee and wife of congressman Vic Fazio.

The AGA paid $80,000 to hire five lobbyists from the law firm of Winston & Strawn, including Charles Kinney, former Chief Floor Counsel to Senate Majority Leader George Mitchell.

And the AGA paid $70,000 to hire two lobbyists from Fierce and Associates, including Donald Fierce, former Counselor to the Chairman for RNC Chairman Haley Barbour and a top political aide to Speaker Newt Gingrich.

Earlier this year, U.S. News & World Report stated that the AGA's 1996 budget is $4 million and Fahrenkopf's salary is "more than $500,000."

The gambling industry pulled out all the stops, but just as David defeated Goliath, our grass-roots coalition routed their gigantic insider campaign.
HELP STOP THE RECENT EXPANSION OF GAMBLING

Twenty years ago, gambling casinos were prohibited in every state except Nevada. Only 13 states had lotteries. There was no such thing as a tribal casino. Altogether, Americans wagered about $17 billion on legal gambling.

Between 1976 and 1988, casinos were legalized in Atlantic City and the number of state lotteries more than doubled. Then, from 1985 to 1994, gambling casinos were legalized in 21 additional states, and slot or video gambling machines were legalized at racetracks and bars in 10 states. All told, Americans wagered $550 billion on legal gambling in 1995, an astonishing 3,200 percent increase in just two decades. In 1995, more money was spent on casino gambling than was spent on movie tickets, theater, opera and concerts combined. In 1996, Americans made more trips to casinos than they did to Major League ballparks and NFL football games combined.

But legalized gambling cannibalizes local businesses, attracts crime, and triggers the mental disorder of pathological gambling. Every year, gambling destroys thousands of American families and devastates their families, friends and employers.

The gambling industry must be stopped before our nation's economy, and its social fabric, are irreparably harmed.

And we can stop it — with your help.

National Coalition AGAINST Legalized Gambling

110 Maryland Avenue, N.E.
Washington, D.C. 20002
GAMBLING INFORMATION I

SENSE OF COMMUNITY AND UNIQUE LIFESTYLE?

"Gambling has ruined Central City forever. said Naomi Fellows "It's sad because I wanted to spend the rest of my life here. Colorado and the West, Sept. 28, 1992

"If you have any lifestyle at all, don't bring gambling in....It will destroy your town. You don't see children riding tricycles down the street anymore. Cripple Creek as we once knew it, is forever gone. If you love your home town and want to stay, you can't have gambling. Ken Jahn, jewelry store owner 11-93

Bob Elliot vice-Chairman of the Preservation Initiative Committee, the group that brought gambling to Cripple Creek, has changed from a proponent to a critic. Although he invested $10,000 in the campaign, Elliot said, "I lied to the people of Colorado. I didn't mean to lie, but I lied because I was naive about the consequences of gambling. We've lost the town that we were trying to save. The sense of community is gone, too. We've come to the conclusion that we're strangers in our own town. We now have no grocery, no laundry, no carwash, no doctor, but there are plenty of lawyers floating around. Rocky Mtn. News, Sept. 28, 1992

SCHOOLS

Total student population hasn't changed much in the last three years, just the structure has changed. We now have mostly single parent families. The population is very unstable...with frequent turnovers as the wages aren't high enough to support the families. People move in and out a lot. The high school has 400 kids, with 1/3 new each year in the last three years. There isn't enough money left to cover the infrastructure expense, even though there has been increased revenue from property taxes. schools are having to hire extra teachers to handle the many social problems that have come with the changing population.

Bob Steurman, Superintendent, Lead-Deadwood Schools

CRIME

Between three and eight percent of those who begin gambling become what are called compulsive gamblers. Those who are afflicted have the following problems:
* They have an average gambling debt of $43,000.
* 85% have stolen from employers to pay debts.
* 75% have committed a felony because of gambling.
* 17% have attempted suicide.

Compulsive gamblers burden their employers, their families and themselves. Because so many compulsive gamblers steal, many end up in prison, imposing substantial costs on society and forcing their families into welfare.

Of all addictions, gambling costs employers the most money in reduced productivity and losses due to theft.

Source: New Jersey Council on Compulsive Gambling

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Gilpin county, CO 1991 - 1993
Stephanie Behymer Sheriff's Deputy, Gilpin
Overall Arrests up from 18 to 92 per month
Felony Arrests up from 2 to 17 per month
Incarcerations up from 2 to 35 per month

BUREAUCRACY

"I'd tell anyone who was thinking of opening their community to casino gambling to have his head examined." So spoke the City Manager of Central City, Colorado. He was responding to the high price his city has to pay for legalizing casinos.
Forbes Magazine, March 1, 1993

Before gambling, the town of Black Hawk had 150 residents and 3 town employees. After gambling came in there were 85 residents and 50 town employees, and over half of the employees are on the police force. Penny Round, Town Clerk, Black Hawk, CO

In Lawrence County SD, Chief Deputy Duane Russell, stated the direct cost of hiring new officers for Deadwood came to $400,000.

TAXES

"Nationally, The Field Research of the legalized Gambling Industry indicates that Casino Gambling costs the local economy of the region at least $2.00 for every $1.00 the Industry adds and for every $1.00 in gaming taxes the Industry pays to the government, it costs the Taxpayers at least $3.00.
Professor John Kindt, of Commerce and Legal Policy. University of Illinois, Champaign

For every $1.00 paid in Lawrence County in "Gaming Taxes" local property taxpayers have been burdened with $16.75 in new and additional taxes for operation of government agencies and schools in the county.
Legislative Research Council and Lawrence County, SD, Tax Records

ECONOMY

BANKRUPTCIES, GAMING LINKED....
Yarnall, (a Sioux Falls Lawyer) who has specialized in bankruptcy and reorganization for 13 years, said that two years ago, one in every 10 of his clients had a video gambling problem. Now it's one in three.
"We're not talking $5,000," Yarnall said, "We're talking about people who have lost $20,000, $30,000, $40,000, $50,000."
"If you look at the number of the dollars that are brought in, in the video lottery, you have to ask your self a question," he said, "If $50 million or $60 Million was being spent yearly on the video lottery, where was that money going before video lottery? It was going for food, clothes and payment of normal services."
A.P. Sioux Falls SD, December 19, 1992

Even in Deadwood....Gambling has not been an unqualified success: Three out of every five casinos, according to Oberlander are losing money.
Investors Business Daily, June 25, 1992
In Colorado, Long Branch Casino operator Scott Eakins says that in one year the average slot machine take has dropped from a high of $130 a day to about $50. Black jack tables that used to have hour-long waiting lists sit empty. In Central City and Black Hawk's largest casino, Bullwhackers, plan to trim $1 million a year by furloughing workers and cutting work hours.  

*USA Today 10-28-9*

In Cripple Creek, CO the number of retail shops have shrunk from 60 to 10.  

*Brian Levine, Rocky Mountain News 9-92*

According to Ken Jahn, owner of two jewelry businesses on main street in Cripple Creek, there are no laundromats, no mechanics, no hardware stores, no grocery stores. In fact you cannot buy fresh fruit or vegetables, or other basic supplies without traveling 50 miles.  

*Personal interview, Nov. 7, 1993*

Deadwood - "Business....car dealerships, five and dimes, grocery stores, the pharmacy - have closed leaving residents without the kind of businesses that make a healthy and diversified economy."  

*Kate Hansen and Megan Secord, State Legislatures, March, 1991*

Gambling affects other industries. It helps hotels and eateries right next to the casinos, but leaves less money to be spent in stores for clothing and other goods. Mississippi car dealers complain of lower sales after riverboats opened.  

*The Kiplinger Washington Letter 1-14-94*

The day the Alton Belle opened in Alton, IL, unemployment was 7.1%. One year later the unemployment was 9.3%.  

*Tim Landis, Rockford Register Star*

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**TASK FORCE ON GAMBLING ADDICTION**

MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE

BALTIMORE 1991

(Provided by the Compulsive Gambling Center, Inc. - Baltimore, Maryland)

FACT SHEET

* Untreated pathological gambling costs Maryland billions of dollars, and affects hundreds of thousand of lives.
  * There are 50,000 pathological gamblers in Maryland
  * There are another 80,000 problem gamblers in Maryland
  * Pathological gamblers cost Maryland and its citizens about $1.5 billion annually in lost work productivity and embezzled, stolen or otherwise abused dollars
  * The total cumulative indebtedness of Maryland's pathological gamblers exceeds $4 billion
  * Over 850,000 people in Maryland are affected by pathological gamblers (i.e., 17 people for each gambler)

* * * * *

Tunica, Mississippi: Arrests for drunken driving have increased up to 500%, Police Chief Chuck Bolen reports.  

*U.S. News & World Report 3-14-94*
ARRESTS FOR DRUNKEN DRIVING HAVE INCREASED UP TO 500%, POLICE CHIEF CHUCK BOLEN REPORTS.
(TUNICA, MISSISSIPPI)
U.S. NEWS & WORLD REPORT, MARCH 14, 1994

PROSTITUTION
TEENAGE GIRLS ARE FORCED INTO PROSTITUTION WHEN THEY CAN'T PAY THEIR GAMBLING DEBT TO THE LOAN SHARK.
1976 - ATLANTIC CITY HAD NO PROSTITUTION PROBLEM - TODAY IT IS A PUBLIC HEALTH PROBLEM
ED LOONEY, THE COUNCIL ON COMPULSIVE GAMBLING OF NEW JERSEY, INC.

TASK FORCE ON GAMBLING ADDICTION IN MARYLAND
PUBLISHED BY - THE MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE ALCOHOL AND DRUG ABUSE ADMINISTRATION, 1990

THERE ARE 50,000 PATHOLOGICAL GAMBLERS IN MARYLAND

PATHOLOGICAL GAMBLERS COST MARYLAND AND ITS CITIZENS ABOUT $1.5 BILLION ANNUALLY IN LOST WORK PRODUCTIVITY AND EMBEZZLED, STOLEN OR OTHERWISE ABUSED DOLLARS.

REGARDLESS OF THE FORM OF GAMBLING OR LENGTH OF TIME INVOLVED, THE LEGAL AND FINANCIAL PROBLEMS, MEDICAL AND MENTAL HEALTH COMPLICATIONS, AND IMPACT ON THE GAMBLER, FAMILY MEMBER, EMPLOYER OR COMMUNITY, MAKES PATHOLOGICAL GAMBLING A DEVASTATING, COSTLY ILLNESS.

VALERIE C. LORENZ, PH.D., CCMHC, CPC
EXECUTIVE DIRECTOR COMPULSIVE GAMBLING CENTER, INC.

1 1/2 TO 3% OF THE POPULATION IN A STATE WITH TWO OR MORE FORMS OF LEGALIZED GAMBLING WILL BECOME COMPULSIVE GAMBLERS.
BETWEEN 5 AND 11% OF THE TEENAGERS WILL BECOME COMPULSIVE GAMBLERS

25% SURVEYED ATTEMPTED SUICIDE
60% PLANNED HOW THEY WOULD COMMIT SUICIDE

99% COMPULSIVE GAMBLERS COMMIT CRIMES
25% END UP IN THE LEGAL SYSTEM

BAD CHECKS, FORGERY, FRAUD, EMBEZZLEMENT FROM JOB, THEFT, BANK ROBBERY, SELLING DRUGS, STREET CRIME, PROSTITUTION, ETC. 80% DRIVE OVER 80 MILES AN HOUR,

100% OF COMPULSIVE GAM. BECOMES PHYSICALLY ABUSIVE, ESPECIALLY TOWARDS CHILDREN.

STATE OF MO. COULD POSSIBLY FACE 60,000 COMPULSIVE GAM. IN NEXT TWO YEARS AT A COST TO THE JUSTICE AND SOCIAL SERVICE SYSTEMS OF OVER $1 BILLION PAID FOR BY TAXPAYERS.

ELECTRONIC SLOT MACHINES ARE THE CRACK COCAINE ADDICTION OF THE 90S.
PROF. JOHN KINDT  
BUSINESS DEPT. OF THE UNIVERSITY OF ILLINOIS

FOR EVERY $1 THE GAMBLING REVENUE BRINGS TO THE STATE, IT WILL COST THE RESIDENTS BETWEEN $3 AND $7 IN HIDDEN COSTS.

FOR EVERY 1 JOB CREATED BY CASINO BOATS THE SURROUNDING COMMUNITY WILL LOSE FROM 1 TO 2 JOBS.
THE JOBS JUST SHIFT TO THE BOATS AS LOCAL RESTAURANTS, THEATERS, CAR DEALERS LOSE SALES.
(UH IS SUCH A BASIC PRINCIPLE THAT IT IS IN THE WORLD BOOK - YEAR BOOK)
UTAH, WHICH HAS NO LEGALIZED GAMBLING HAS THE HEALTHIEST GROWING ECONOMY IN THE NATION.
BUSINESSES PREFER LOCATING IN GAMBLING-FREE STATES BECAUSE OF THEIR LOWER TAXES AND
BETTER COMMUNITY AND BUSINESS ENVIRONMENTS.

CRIME
"GAMBLING ITSELF IS PROBABLY THE BIGGEST PRODUCER OF MONEY FOR THE AMERICAN LA COSA
NOSTRA (THAT) THERE IS."
JAMES MOODY, CHIEF OF THE ORGANIZED CRIME SECTION, FBI (1992) AS QUOTED IN VIDEO
TAPE/TRANSCRIPT OF "60 MINUTES," DEC. 13, 1992

STEVEN P. PERSKIE: A REPORT ON CASINO GAMING IN ATLANTIC CITY. NEW JERSEY CASINO
CONTROL COMMISSION (1992)

THE ATLANTIC CITY POLICE DEPARTMENT STATES THAT SINCE THE ADVENT OF CASINO GAMBLING
THEY ARE HAVING INCREASED PROBLEMS WITH THE TRAVELING CRIMINALS, YOUTH GANGS AND STREET
LEVEL NARCOTICS DEALING.

THE TRAVELING CRIMINAL, HAS CAUSED A CRIME AND IMAGE PROBLEM FOR THE CITY AND HAS ALSO
BROUGHT PROBLEMS OF COMPULSIVE GAMBLING, DRUG ABUSE, PROSTITUTION, LOAN SHARKING AND
NUMEROUS FINANCIAL SCAMS.

FROM THE ILLINOIS STATE POLICE DIVISION OF CRIMINAL INVESTIGATION INTELLIGENCE
BUREAU: 1992

THE COMMISSION'S REPORT PROVIDES EXAMPLES OF ORGANIZED CRIME FIGURES BEING INVOLVED IN
LEGALIZED GAMBLING. THE REPORT REFERS TO THE CONVICTION OF THREE CHICAGO MOB MEN (JOSEPH
AIUPPA, JOHN CERONE AND ANGELO LA PIETRA) ALONG WITH THE LEADERS OF THE MILWAUKEE AND KANSAS
CITY MOB FAMILIES FOR SKINNING MONEY FROM LAS VEGAS CASINOS. (IT SHOULD ALSO BE NOTED THAT
MANY OF CHICAGO'S MOBSTERS HAVE GAMBLING CONVICTIONS.)

ANOTHER EXAMPLE CITED INVOLVED TWO CHICAGO MOB MEN (COMINIC CORTINA AND DONALD ANGEUNI) WHO
WERE INDICTED IN 1990 BY FEDERAL AUTHORITIES IN MARYLAND FOR MONEY LAUNDERING AT A COMMERCIAL
BINGO PARLOR. THE FBI REVEALED THE CHICAGO BOSSES HAD MUSCLED INTO THE CASH RICH BINGO
OPERATION WITH THE INTENT OF LAUNDERING ONE MILLION DOLLARS FROM ILLEGAL LOAN SHARKING,
ROBBERY AND STOLEN PROPERTY. THIS INDICTMENT CHARGED FOUR OTHER ASSOCIATES WITH USING
REVENUE FROM FLORIDA GAMBLING AND JUICE LOANS TO FUND THE OPERATION A AND LAUNDER MONEY.
ALL DEFENDANTS WERE CHARGED WITH HIRING ARSONISTS TO BURN TWO RIVAL BINGO HALLS. ONE OF
THESE MEN (CORTINA) RUNS GAMBLING OPERATIONS IN CALIFORNIA IA AND FLORIDA.

IN 1991, A REPUTED SAN DIEGO MOBSTER AND NINE OTHER MEN INCLUDING THE ALLEGED BOSSES OF THE
CHICAGO MOB WERE CHARGED WITH TRYING TO INFILTRATE INDIAN RESERVATION GAMBLING OPERATIONS IN

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NORTHERN SAN DIEGO COUNTY IN ORDER TO SKIM PROFITS AND LAUNDER ILLEGAL MONEY. THE INDICTMENT
STEMMED FROM A LENGTHY INVESTIGATION BY THE FBI.

BESIDES INVOLVEMENT IN THE MANAGEMENT AND INVESTMENT AREAS OF CASINO GAMBLING, VENDING
BUSINESSES HAVE HISTORICALLY BEEN A TARGET FOR ORGANIZED CRIME AND OFTEN UNSCRUTINIZED AND
UN REGULATED. OBVIOUSLY RELATIONSHIPS WITH ANCILLARY AND VENDING SERVICES CAN AFFECT KEY
CASINO OPERATIONS THROUGH INFLUENCING CASINO OWNERSHIP, INVESTMENT, MANAGEMENT AND
FINANCES. BY CONTROLLING THE SUPPLY OF ALCOHOLIC BEVERAGES, FOOD AND NONALCOHOLIC
BEVERAGES, GARBAGE HANDLERS, VENDING MACHINE PROVIDERS, LINEN SUPPLIES, MAINTENANCE SERVICE
AND CONSTRUCTION COMPANIES, CASINO MANAGEMENT CAN BE PLACED IN A COMPROMISING POSITION BY
ORGANIZED CRIME.

PROFESSOR GRANT STITT, UNIVERSITY OF NEVADA - RENO, A CRIMINAL JUSTICE EXPERT;
EXPERIENCE HAS SHOWN THE CASINO INDUSTRY WILL HAVE A DIRECT IMPACT ON LEGISLATIVE
INITIATIVES. CASINO MANAGEMENT WILL BE ABLE TO EXERT A POWERFUL LOBBYING EFFORT TO DIRECTLY
INFLUENCE LAWS THAT WILL EITHER BENEFIT THEM OR BLOCK LAWS THAT WOULD NEGATIVELY AFFECT THE
INDUSTRY.

ECONOMY
IN CRIPPLE CREEK, CO. THE NUMBER OF RETAIL SHOPS HAVE SHRUNK FROM 60 TO 10.
ROCKY MOUNTAIN NEWS 9/92

NEWSWEEK, MARCH 28, 1994

IT'S PART OF THE AMERICAN CONSERVATIVE LANDSCAPE,* SAYS ANALYST WILLIAM THOMPSON OF THE
UNIVERSITY OF NEVADA AT LAS VEGAS. "THEY'LL TRADE MORALITY FOR DOLLARS." (POLITICIANS)

"THE REAL GAMBLING ADDICTS ARE THE POLITICIANS,* SAYS TERRY BRUNNER OF THE BETTER GOVERNMENT
ASSOCIATION IN CHICAGO, WHERE A RIVERBOAT-GAMBLING PROJECT IS UNDER CONSIDERATION. "THEY'RE
ADDICTED TO THE MONEY.*

BUT AS BLACK HAWK HAS DISCOVERED, GAMBLING GENERATES AS MANY CRISSES AS IT SOLVES: CRIME AND
CONGESTION NOW PLAUGE THIS PEACEFUL MOUNTAIN TOWN. "WE THOUGHT WE'D STUDIED THE PROBLEM
THOROUGHLY," ADMITS MAYOR KATHRYN ECKER, A RETIRED GRADE-SCHOOL TEACHER. "I DON'T THINK WE'D
STUDIED IT ENOUGH.*

BLACK HAWK EXPECTED A HIGHER CRIME RATE, AND THE TOWN HIRED 22 NEW COPS (UP FROM ONE HALF-
TIME MARSHAL IN THE OLD DAYS). BUT THE RESIDENTS WEREN'T PREPARED FOR THE KINDS OF CRIMES
THEY'RE GETTING: IN ADDITION TO ASSAULT AND CRIMINAL MISCHIEF, SAYS POLICE SPOKESWOMAN DIXIE
LOVINGIER, "WE HAVE AN INORDINATE AMOUNT OF URINATING IN PUBLIC." HER ALDERMAN HUSBAND, BILL
GETS A LITTLE EMBARRASSED WHEN HE TALKS ABOUT THE NEW SEWAGE PLANT BLACK HAWK HAS TO BUILD.
"BASICALLY, UH, PEOPLE TEND TO DRINK WHILE THEY'RE GAMBLING, AND THE SEWAGE HAS A PARTICULAR
QUALITY.* A HIGH ALCOHOL CONTENT KILLS THE BACTERIA THAT EAT SEWAGE.

"THE BIG BOYS CAN DO ANYTHING AND EVERYTHING FOR AS LONG AS THEY LIKE, UNTIL THE LITTLE GUY IS
GONE," SAYS BILL LORENZ, A FORMER MAYOR WHOSE FAMILY RUNS ONE OF THE FEW LOCALLY OWNED
CASINOS IN TOWN.
NCALG held its national conference in Orlando, October 27-29, 1995. Audio and Video tapes of the conference are now available. These tapes contain the following speakers and more:

- Dr. Howard Shaffer, Harvard Medical School
- Nat Helms, Journalist
- Ed Tarpley, District Attorney, Louisiana
- Robert Butterfield, Florida Attorney General
- Congressman Frank Wolf, Virginia
- Prof. Henry Lesieur, Illinois State Univ.
- Prof. Earl Grinols, Univ. of Illinois
- Prof. Robert Goodman, Univ. Of Massachusetts
- Howard Buffett, Pres. of International Operations, The GSI Group

You may order the Video set of 5 tapes, @ $50.00 per set or the Audio tapes @ $25.00 per set (postage included) by sending a check or money order made payable to NCALG. Please specify the type and number of sets you wish. Mail to:

NCALG Conference Tapes
110 Maryland Ave NE
Washington, DC 20002
Major Conclusions of the Study

1. There is no popularly-based movement for expansion of legalized gambling -- it has been the result of lobbying by the gambling industry and initiatives by government officials.

2. The research being relied upon by public officials and the media is often done by the gambling industry itself. In the fourteen economic impact studies analyzed, claims of economic benefits were usually exaggerated, while costs were understated.

3. Expansion has produced increases in employment and tax revenues, but the shift of consumer spending to gambling significantly cannibalizes existing local businesses. There are also increased public and private expenditures for criminal justice, regulation, problem gambling behavior and public infrastructure.

4. As governments expand and promote more gambling, the number of people who gamble is increasing. Personal income spent on gambling is also rising. Gambling revenues come disproportionately from lower income residents.

5. As state budgets become more gambling dependent, legislators are legalizing more addictive games like video lottery terminals (slot machines). In the future, governments are likely to look towards expansion through home-accessed gambling, like telephone and interactive TV betting.

6. States have shifted from the role of gambling regulator to that of gambling promoter. Regulations designed to protect the public are being undercut and spending on advertising and promotion of gambling is increasing.

7. As growing numbers of people work in the gambling industry, new pro-gambling constituencies are developing to protect these jobs. This will make it increasingly difficult for governments to curtail or terminate these ventures.
8. Tribal relations with the states over gambling have often been adversarial. As tribal revenues expand, state governments are attempting to tap into or curtail them. There are currently significant legal challenges pending to the regulatory framework for Indian gambling.

Recommendations

1. Communities need more objective information about economic and social impacts. They should avoid reliance on information by researchers who work for pro-gambling constituencies.

2. There is need for state and national organizations, independent of the public and private gambling industries, to conduct ongoing analysis of the impacts of existing and proposed gambling ventures.

3. Governments should avoid promoting gambling and legalizing more addictive games, such as electronic machines, interactive television and other home-accessed gambling.

4. Governments engaged in gambling ventures should prepare comprehensive gambling plans, which clearly describe their goals and methods of achieving them, as a guide for their future gambling development.

5. Governments should avoid financial dependence on gambling ventures. Public monies and expertise would be better used developing and supporting more economically and socially productive ventures.

6. Tribes, while having the right to make their own decisions about whether or how to engage in gambling operations, should be attentive to using the capital generated by their successful ventures to engage in diversified, long-term economic development activities.

Full text copies of the United States Gambling Study, LEGALIZED GAMBLING AS A STRATEGY FOR ECONOMIC DEVELOPMENT, (222 pages), are availableable at $28 (+ $5 shipping) from: Broadside Books, Northampton, Massachusetts, Tel. (413) 586 - 4235

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QUOTES REGARDING LEGALIZED GAMBLING

The following quotes were compiled by Community & Environmental Defense Services (CEDS) as part of research performed on behalf of Protect Our River Environment, of Harrison County, Indiana. For further information contact CEDS at (410) 329-8194 or write to us at Post Office Box 206, Maryland Line, Maryland 21105.

Increasing the Number of Compulsive & Problem Gamblers

"...once gambling is legalized - once it becomes socially acceptable - the number of compulsive gamblers increases from 0.77% to between 1.5% to 5% of the population."

_The Economic Impacts of Legalized Gambling Activities_
Dr. John Warren Kindt

"What the legalization of gambling really accomplishes is to seduce a whole new market segment of the public into gambling activities."

_The Economic Impacts of Legalized Gambling Activities_
Dr. John Warren Kindt

"...proximity to gambling influences the extent to which people engage in that activity. By exposing potential problem gamblers to legal casino gambling, a number of these individuals will experience problem gambling behaviors which may have otherwise remained dormant."

_Casinos in Florida: An Analysis of the Economic & Social Impacts_
The Executive Office of the Governor

"...retirees account for 34% of all casino gamblers who visit casinos more than four times each year."

_Casinos in Florida: An Analysis of the Economic & Social Impacts_
The Executive Office of the Governor

"The typical gamer is between 50 to 70 years old and is either retired or has a blue-collar job. Gamers have an average household income of between $20,000 to $30,000 a year."

_The Economics of Native American Gaming in Wisconsin_
Wisconsin Policy Research Institute, April 1995

"In New Jersey, Gallup discovered that 5% of residents felt they would like to stop betting money but didn't think they could, and 3% report they often gamble to escape from their problems. New Jersey residents also report that 28% know of someone who gambles too much. These trends are evident nationwide. According to Von Brook, 39% of respondents gamble for enjoyment while 27% said they gamble in order to get rich. Of individuals in this poll, 62% felt that legalized gambling encourages people to gamble beyond their financial means. Poor and working people spend a disproportionate share of their incomes on gambling. As a result, State gambling revenues come disproportionately from lower income residents, causing a regressive form of taxation. Problem gambling behaviors are highest among the poor and minorities. On average, states with more legalized gambling have more problem and pathological gamblers."

_Casinos in Florida: An Analysis of the Economic & Social Impacts_
The Executive Office of the Governor
"Theoretically, to maintain the same "quality of life" after the legalization [of gambling] occurs, social-welfare budgets would have to increase by 100% to 550%. The pressure on elected officials to increase taxes to address these social welfare costs will be enormous."

_The Economic Impacts of Legalized Gambling Activities_
Dr. John Warren Kindt

"Recent studies report a 50% or higher recovery rate [for compulsive gamblers]. Jacobs has found the need for and commitment to interpersonal acceptance and family adjustment on the part of compulsive gamblers to be at least as strong and enduring as those among society at large."

_Problem Gamblers and White Collar Crime_
Dr. Durand F. Jacobs and Dr. Jerry L. Pettis

"The National Council on Problem Gambling estimates that only one in 100 problem gamblers are receiving help."

_Casinos in Florida: An Analysis of the Economic & Social Impacts_
The Executive Office of the Governor

"Nevada, for example, has the highest suicide rate for residents in the nation - its rate is more than double the national average. It has the highest high school drop-out rate; is first for deaths per vehicle-mile driven; and, according to the January 1994 issue of the Archives of Pediatric and Adolescent Medicine, it led the nation in child death by abuse in 1979-1988 (a period when casino gambling was illegal in other parts of the nation except Atlantic City)."

_Gambling as Economic Policy: Enumerating Why Losses Exceed Gains_
Dr. Earl L. Grinols

"...the number of PEGs [problem economic gamblers] is approximately 10% of the population, even in those states that only have state lotteries."

_The Economic Impacts of Legalized Gambling Activities_
Dr. John Warren Kindt

"Nationwide, PEGs lose an average of approximately $900 annually."

_The Economic Impacts of Legalized Gambling Activities_
Dr. John Warren Kindt

"...gambling interests are extremely eager to establish themselves quickly in areas where there are no legalized gambling enterprises already - that is, they wish to skim the cream off the top of the market, which consists of the 52% of the public who will gamble, but especially the 10% PEGs (included in the 52% totals). If the gambling enterprise cannot be the first legalized gambling activity into a given geographic market area, then it wants to be the hardest form of gambling in that area because gambling dollars (especially the 10% PEGs) tend to migrate from the softer forms of gambling to the more thrilling or harder forms. Theoretically, the normal progression in which the dollars will move is from the state lottery to: race tracks to off-track betting parlors to riverboat gambling to land-based casino gambling to video-machine gambling to harder and more accessible forms of gambling."

_The Economic Impacts of Legalized Gambling Activities_, Dr. John Warren Kindt
"While many believe that legalizing gambling activities will decrease illegal gambling, an examination of dollars gambled does not support this belief. Dr. Vicki Abt, a sociologist at Pennsylvania State University, says legalization "has not decreased the dollar amount of illegal gambling, what it has done is decrease [illegal gambling] relative to legal gambling. Whereas 75% or so was wagered illegally before the 1960s, now about 75% is wagered legally. But the total amount went up in the meantime."

Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

Crime

"Atlantic City's crime rate has exceeded the state [New Jersey] rate ever since casinos were authorized in 1978. Between 1978 and 1981, the crime rate tripled. In just three years following the opening of its first casino, Atlantic City went from 50th in the nation in per capita crime to first."

Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

"The American Insurance Institute estimates that 40% of all white-collar crime has its roots in both legal and illegal gambling. Problems gamblers are responsible for an estimated $1.3 billion worth of insurance-related fraud per year. Insurance companies paid fraud victims an average of $65,000.

Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

"One out of every four compulsive gamblers have been involved in an auto accident during the worst of their gambling."

Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

"...one study of Gamblers Anonymous members "found that 47% had engaged in insurance related fraud or thefts where insurance companies had to pay the victims. The average amount of the fraud involved was calculated at $65,000."

The Economic Impacts of Legalized Gambling Activities
Dr. John Warren Kindt

"...two out of every three problem gamblers will commit a crime in order to support illegal gambling activities."

Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

"...once all of their assets and credit have been drained into gambling activities, compulsive gamblers are tempted to engage in embezzlement or other illegal activities to finance their habits, and approximately 20% of compulsive gamblers attempt suicide. Studies indicate that 15% to 25% of all compulsive gamblers have attempted suicide, which is five to ten times higher than the
percentage for the general population.* 

*Shortly after the advent of legalized casino gambling [Nov. 1989], the Deadwood [South Dakota] casino economy lurched forward. The state attorney's office in Deadwood indicated that within approximately two years:

1. Child abuse cases had increased 42% to 43% (from 350 to 500 cases);

2. Police costs had increased 80% to 100% with a virtual doubling of the number of police officers;

3. Although national statistics had increased only slightly, crime in the Deadwood area had increased overall by 10% (although prior to 1989 the crime rate had been declining) with a 50% increase in felonies. Furthermore, there were 614 Class One misdemeanors or felonies in 1988, and 1,070 in 1992, a 75% increase in four years;

4. Domestic violence and assaults had risen 80%; and

5. Burglaries and writing of bad checks had increased, while illegal drug, prostitution, and drunk driving cases had remained relatively the same.* 

*George G. Payne, Chief of Police in Gulfport, Mississippi, released a report comparing the first six months of 1993 (when casinos were just coming on line) with the first six months in 1994. Results are listed below.

1. During the first six months of 1993, there were only 22 robberies in Gulfport; during the first six months of 1994 there were 70. This represents a 218% increase.

2. The number of rapes tripled.

3. Vehicle theft was up 166%, from 53 stolen cars during the first half of 1993 compared to 141 this year.

4. Arson cases increased 150%.

5. Burglaries doubled.

6. Assaults are up 66%.

7. Vehicular accidents are up 62%.
8. In total, excluding vehicular accidents, there were 1,597 crimes committed in the first six months of 1993, compared to 3,248 in the first six months of this year. This represents a total increase in crime of just over 100%.*

*Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

Effects of Gambling upon our Children

"Children whose parents gamble excessively are more prone to adjustment difficulties. A study of four California high schools revealed that:

1. Children of problem gamblers have higher levels of use of tobacco, alcohol, illicit drugs and overeating during the year prior to their test period than their peers.

2. 75% of problem gamblers' children reported their first gambling experience before 11 years of age, compared to 34% of their classmates.

3. Children of compulsive gamblers experienced almost twice the incidence of broken homes due to separation, divorce, or death of a parent before they had reached the age of 15 (37%).

4. When compared to their classmates, children of problem gamblers rate themselves as more insecure, emotionally down and "unhappy with life and myself" while reporting poorer school and work performance.

5. These children also acknowledged suicide attempts at twice the rate of their classmates (12%)."

*Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

"The field research indicates that the adolescent population shows prevalence rates of 4% to 6% for compulsive gambling, which is higher than the rates among the adult population."

Dr. John Warren Kindt

"The legalized gambling interests argue that it is illegal for the teenage population to gamble; therefore, the teenage population should not be included in these calculations [compulsive gamblers resulting from legalization]. Studies show, however, regardless of the laws prohibiting teenage gambling, teenagers still gamble. Despite laws in Atlantic City [New Jersey] restricting the casinos to persons twenty-one years and over, a survey of teenagers in an Atlantic City high school revealed 64% of the teenagers had gambled in a casino, 21% had visited casinos more than ten times, and 9% still gambled at least once a week. Studies between 1985 and 1987 indicated that 20% to 86% of high school students had gambled for money within the previous year.

Studies between 1985 and 1987 also revealed that 4% to 32% of high school students in different studies (32% in New Jersey) reported gambling weekly or more often. These studies and others

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directly and indirectly support the widely accepted prevalence rates that 4% to 6% of the teenage population gamble compulsively."

*The Economic Impacts of Legalized Gambling Activities*

Dr. John Warren Kindt

"In 1990, the Christian Science Monitor reported that gambling is the fastest growing teenage addiction, with the rate of pathological gambling among high school and college students about twice that of adults."

*Casinos in Florida: An Analysis of the Economic & Social Impacts*

The Executive Office of the Governor

"We will face in the next decade or so more problems with youth gambling than we'll face with drug use."

*Legalized Gambling As A Strategy For Economic Development*

Dr. Robert Goodman

"Eighty-five percent of [college] students surveyed [in New York, New Jersey, Nevada, Oklahoma and Texas] had gambled, and 25% gambled once a week or more. Poker, slot-machines, card games, and casino games were at the top of the list of most popular forms of wagering for the students. Fifteen percent reported problems in connection with gambling, such as interference with social relationships, jobs, and school."

*Casinos in Florida: An Analysis of the Economic & Social Impacts*

The Executive Office of the Governor

Economic Benefits vs. Social Costs

"For the nation as a whole there will be no net economic development from the spread of gambling, but there will be the creation of a new social problem and the social costs that entails. The best research available indicates that these costs are very high. The cost-benefit question is whether we need another form of entertainment badly enough that we are willing to pay for another social problem whose costs are equal to an additional recession every decade in order to have it."* Gambling as Economic Policy: Enumerating Why Losses Exceed Gains*

Dr. Earl L. Grinols

"Overall, the state [Wisconsin] gains $327 million in net revenue (inflow of funds minus outflow, direct and indirect) from the presence of the [17] casinos. However, this figure is reduced substantially - to $166 million - when even the lowest estimated social costs of compulsive gambling are included in the calculations. With mid-range estimated social costs, the overall impact becomes negligible, while with higher social-cost estimates, the impact becomes clearly negative."

*The Economics of Native American Gaming in Wisconsin*

Wisconsin Policy Research Institute, April 1995

"Crime and social costs attributable to casinos [if allowed in Florida] would total $2.16 billion annually. When comparing annual projected state tax revenues to costs, the state would
experience a substantial deficit each year. Annual projected tax revenues related to casinos are sufficient to address only 8 to 15 percent of annual minimum costs related to casinos. Unlike Mississippi, which suffered from some of the most impoverished conditions in the nation, Florida has much to lose from casino gambling and, apparently, little to gain. The stakes are high and the payoff low."

Casinos in Florida: An Analysis of the Economic & Social Impacts
The Executive Office of the Governor

"Furthermore, nothing ensures that gambling operations will continue to make money when "market saturation" occurs. Atlantic City, New Jersey serves as an example - in 1990, only five of twelve casinos reported profits."

The Economic Impacts of Legalized Gambling Activities
Dr. John Warren Kindt

"Atlantic City, a town noted for taking suckers, has become the biggest sucker of all." and "Not only does Atlantic City have a sorry record for those concerned about crime, welfare, business decline, home ownership, compulsive gambling or community atmosphere, but it has failed to bring economic development."

Thomas P. Roeser
Chicago Casino Plan Gambles on City Future
Wall Street Journal, August 12, 1992, page A10

"Researchers calculated that the growth of crime in the Atlantic City region reduced property values by $24,000,000 for each easily accessible community to Atlantic City, and $11,000,000 for each community which was close, but less accessible."

Legalized Gambling As A Strategy For Economic Development
Dr. Robert Goodman

"However, despite the approximately $6 billion in private investment, Atlantic City has become virtually two cities - one of extravagant casinos manned by a largely outside work force, and the other a city of boarded-up buildings, of a predominantly minority population that suffers large-scale unemployment, that has been given easy access to gambling."

Legalized Gambling As A Strategy For Economic Development
Dr. Robert Goodman

Las Vegas [Nevada] gains from gambling because it draws dollars from California. If there were no gambling, economic activity in California would be greater, while economic activity in Las Vegas would be less."

Bluff or Winning Hand? Riverboat Gambling and Regional Employment and Unemployment
Dr. Earl L. Grinols

"The social costs of gambling have not significantly changed over time because current data shows that when gambling activities are legalized, economies will be plagued with 100% to 550% increases in the numbers of addicted gamblers (probably within one to five years, but almost certainly within fifteen years)."

The Economic Impacts of Legalized Gambling Activities, Dr. John Warren Kindt
"...the increase in addicted gamblers... implies social costs between $100-$300 per adult in a region where gambling becomes prevalent."

_Gambling as Economic Policy: Enumerating Why Losses Exceed Gains_

Dr. Earl L. Grinols

"...every addicted or compulsive gambler negatively impacts between seven and seventeen other people."

_The Economic Impacts of Legalized Gambling Activities_

Dr. John Warren Kindt

Gambling as a Source of Revenue for Government

"Gambling is not the only kind of business that can remove dollars from a local economy, but very few remove proportionately as much money for so marginal an increase in public revenue." and "Given the widespread evidence that gambling hurts a community, what rationale is there for government to act as a conduit for the profits of private promoters? The answer is none. But naive public officials, like addicted railbirds, remained convinced that some day they'll hit the jackpot. It's a delusion as old as gambling itself."

Senator Paul Simon

138 Congressional Record, S187 (daily edition January 22, 1992)

"There would be little concern over how much gambling there is - any more than one cares how much golf, movie attendance, or opera there is - if it were not for the social problems and costs that gambling creates."

_Gambling as Economic Policy: Enumerating Why Losses Exceed Gains_

Dr. Earl L. Grinols

"...economists have historically opposed gambling because it differs from other entertainment in at least two respects: It reduces national income, and it creates social costs that must be paid out of taxes from those who do not gamble."

_Bluff or Winning Hand? Riverboat Gambling and Regional Employment and Unemployment_

Dr. Earl L. Grinols

"These [gambling] revenues are commonly over-estimated to persuade local government officials to allow gambling interests into their community."

_The Economic Impacts of Legalized Gambling Activities_

Dr. John Warren Kindt

"In the future, if governments do not find better ways to raise public revenues, they will continue to move in the direction of inducing more people to gamble more money. The results are very likely to be increased cannibalization of non-gambling businesses and increased public costs of dealing with the social and economic consequences."

_Legalized Gambling As A Strategy For Economic Development_

Dr. Robert Goodman

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"Ten thousand...construction jobs are supposed to be created by this [casino] project. This may very well be true. However, one could create plenty of construction (and permanent) jobs by building brothels and opium dens. If job creation is the aim of local government, why hasn't the mayor [of Chicago] proposed such a project?"

Mark H. Quinn

_Social Costs of Casinos Proposal Are Too High_
Chicago Sun-Times April 4, 1992, page 16

"Taking all areas into account, gambling does not create jobs. Rather, it shifts them from one location to another and converts some jobs that would have been devoted to other things into gambling jobs. ... Consider the situation where a riverboat restaurant competes with a local restaurant, causing the local restaurant to lay off some of its servers. If these waitresses are hired by the riverboat, there is a shift in job location but no creation of a new job. ... Comparing unemployment and employment before and after the introduction of riverboats fails to find the maintained beneficial effects. ... Instead, the data are unable to show any net effect on unemployment and very little net effect on employment as a result of gambling in the communities where it has been introduced."

_Bluff or Winning Hand? Riverboat Gambling and Regional Employment and Unemployment_
Dr. Earl L. Grinols

_Impact Upon Other Businesses_

"The socio-economic numbers support what many people instinctively realize: gambling activities are inherently parasitic, feeding on and causing harmful side effects to portions of the population in interstate, state, and local economies."

_The Economic Impacts of Legalized Gambling Activities_
Dr. John Warren Kindt

"The business-economic environment caused by Colorado casinos forced so many of the pre-existing local businesses to close that by 1992 residents of Central City and Black Hawk, Colorado, had to drive forty miles for a quart of milk."

_The Economic Impacts of Legalized Gambling Activities_
Dr. John Warren Kindt

"Casinos will often also have negative economic impacts on nearby restaurants and bars. ... The effect on Atlantic City's restaurants: 40% fewer units competing for 10% fewer dollars in a 10-year period... In Minnesota restaurant business within a 30-mile radius of casinos with food service fell by 20% to 50%.

_Legalized Gambling As A Strategy For Economic Development_
Dr. Robert Goodman

"Trends in casino development are towards larger enterprises with more in-house tourist facilities. As the number of smaller casinos decline, smaller, lower capitalized retail businesses must compete with the large casinos for tourist dollars. In the four years following the
introduction of casinos in Atlantic city, the number of retail businesses in that city declined by
about a third.

"Traditional businesses are at a competitive disadvantage when pitted against legalized
gambling interests."

"Casinos compete too well in a capitalistic society. Land values are inflated by
speculation; skyrocketing real estate taxes overwhelm local residents who do not sell out to
speculators; and existing institutions and recreation facilities cannot match the attraction and
economic clout of the casinos."

"Traditional businesses resent that they must compete with the gambling interests not just
for the so-called "entertainment dollar" or "recreational dollar," but for other consumer dollars as
well. Generally, traditional businesses were slow to recognize the way in which legalized
gambling organizations captured dollars from across the entire spectrum of the various consumer
markets."

"Gambling interests are competing not just for the consumer's "entertainment dollar" as
they claim, but for all consumer dollars, including the savings dollars. Once discretionary dollars
are exhausted, 10% of the public [the problem economic gamblers - PEGs] will draw on their
savings accounts (including dollars normally directed to mortgage principal, interest, real estate
taxes, and homeowners' insurance). Subsumed in this 10% are the 1.5% to 5% of the public who
are compulsive gamblers and will exhaust an average of $15,000 per year over a maximum
fifteen-year period before "bottoming-out". In addition, compulsive gamblers also go into debt an
average of $80,000 to finance their compulsive gambling."

"Areas that develop successfully through casinos shrink the economies of neighboring
areas while sending many of the social costs home with the problem-gamblers."

"If between one and five of every 100 of a firm's employees will become derelict due to
gambling addiction, steal from the company, or worse, it represents a significant cost of doing
business."

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WHERE TO OBTAIN THE DOCUMENTS REFERENCED ABOVE:

*Casinos in Florida: An Analysis of the Economic & Social Impacts*
The Executive Office of the Governor
Office of Planning & Budgeting, The Capital
Tallahassee, Florida 32399-0001

*The Economics of Native American Gaming in Wisconsin*
Wisconsin Policy Research Institute
3107 North Shepard Avenue
Milwaukee, Wisconsin 53211

*The Economic Impacts of Legalized Gambling Activities*
Drake Law Review Volume 43: Page 51-95
By Dr. John Warren Kindt
Department of Business Administration
University of Illinois
350 Commerce West
Champaign, Illinois 61820

Gambling as Economic Policy: Enumerating Why Losses Exceed Gains
Dr. Earl L. Grinols
Department of Economics
University of Illinois
1206 South 6th Street
Champaign, Illinois 61820

*Bluff or Winning Hand? Riverboat Gambling and Regional Employment and Unemployment*
Dr. Earl L. Grinols
(Same Address as Above)

*Legalized Gambling As A Strategy For Economic Development*
Dr. Robert Goodman
United States Gambling Study
245 Main Street
Northampton, Massachusetts 01060
(413) 584-0855

*Problem Gamblers and White Collar Crime*
Dr. Durand F Jacobs and Dr. Jerry L. Pettis
Paper presented at the Seventh International Conference on Gambling and Risk Taking
Institute for the Study of Gambling
University of Nevada
Reno, Nevada 89501

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Addiction


Several issues surrounding pathological gambling are discussed: the progressive pattern of gambling, pathological gambling's effect on the family, and why we should expect more and more persons to become addicted.


Profiles of regular and problem gamblers and the prevalence of problem and pathological gamblers are provided based on the results of randomly given telephone surveys of persons over 18 years of age living in New Brunswick, Canada.


The results [of this study] suggest that the accessibility and availability of video lottery machines is an important factor in the number of people being adversely impacted by gambling [authors' abstract].


In this study, it was found that compulsive gamblers were significantly more impulsive and less able to resist cravings, then are alcoholics or cocaine addicts. The implications for such findings are enormous.


437 gamblers from self-help groups were interviewed and categorized according to level of addiction and gambler type (slots or "classical" games). The study suggests that there is a significant addiction potential in slot machine gambling due to structural characteristics, at least, from a psychological perspective. Slot machine players may be more likely to develop gambling addictions.


An overview of literature about slot machines. The article discusses slot machine gambling trends and policy issues. Also discussed are findings indicating connections between gambling addiction and slot machines, youth participation, and arcade video game similarity to slots. Reasons why slot machines may be addictive are mentioned.
An interesting study that indicates a link between parental problem gambling and pathological gambling by a child. Data also indicated that grandparent gambling behavior is also influential.


The author suggests several risk factors which, if any one person has a cluster of, may indicate a propensity towards slot machine addiction. Also, signs of a youth experiencing problem gambling are discussed.


This article discusses the significance of structural characteristics in slot machine gambling as an enticement to gamble and to continue to do so and the role of several different characteristics such as: pay out interval, bettor involvement, skill, pay out ratio, etc.


Important issues surrounding adolescent gambling are discussed: can video game involvement be a gateway experience into playing slot machines?, teen gambling despite posted underage gambling policies, and evidence suggesting teens see gambling as an alternative to hard work, etc. in order to succeed in life.


A discussion of compulsive gambling by one of the nation's experts in this field.


Students from colleges/universities in five states were questioned about their gambling participation and possible pathological gambling. The article discusses types of gambling, gambling prevalence, pathological gambling prevalence and discusses factors that are and are not associated with problem gambling.


An examination of female pathological gambling behavior. Includes prevalence rates, types of games preferred, involvement in crime and the developmental phases of female pathological gambling.

Based on a study of the states inside the U.S., this article demonstrates an association between the opportunity to gamble (casinos, sports betting, slots, etc.) and a greater per capita incidence of Gamblers Anonymous chapters.


A look at lotteries as revenue creators and social cost creators. This article argues for restrictions of lottery advertisements to help protect the poor, persons likely to become compulsive gamblers, and children.

Shaffer, Howard J. and Matthew N. Hall. 1994 (July 22). "Estimating the prevalence of adolescent gambling disorders: A quantitative synthesis and guide toward standard gambling nomenclature." Manuscript available from Dr. Shaffer, Division on Addictions, Harvard Medical School, 220 Longwood Avenue, Boston, MA 02115.

Based upon "nine non-duplicative studies...This analysis revealed that within a 95 percent confidence interval, between 9.9% and 14.2% of adolescents are at risk of developing or returning to serious gambling problems. Similarly, between 4.4% and 7.4% of adolescents exhibit seriously adverse compulsive or pathological patterns of gambling activity." Also, this paper "...proposes a generic multi-level classification scheme to reconcile the divergent classification methods and data reporting strategies" [authors' abstract].

Shaffer, Howard J. and Matthew N. Hall. 1994 (December 22). "The emergence of youthful gambling and drug use: The prevalence of underage lottery use and the impact of gambling." Manuscript available from Dr. Shaffer, Division on Addictions, Harvard Medical School, 220 Longwood Avenue, Boston, MA 02115.

The purpose of this study was threefold: (1) to examine the prevalence of lottery use among children and adolescents enrolled in public schools, grades 7-12, throughout Massachusetts; (2) to compare the emerging patterns of lottery and drug use among these young people; and (3) to consider some of the adverse social and emotional problems that may be associated with youth gambling [authors' abstract].


A study comparing frequent gamblers with problem and pathological gamblers.


Doctors argue that the introduction of video-gambling machines is contributing to the destruction of many families on the island.

Based on a study of the states inside the U.S., this article demonstrates an association between the opportunity to gamble (casinos, sports betting, slots, etc.) and a greater per capita incidence of Gamblers Anonymous chapters.


A look at lotteries as revenue creators and social cost creators. This article argues for restrictions of lottery advertisements to help protect the poor, persons likely to become compulsive gamblers, and children.

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Shaffer, Howard J. and Matthew N. Hall. 1994 (December 22). "The emergence of youthful gambling and drug use: The prevalence of underage lottery use and the impact of gambling." Manuscript available from Dr. Shaffer, Division on Addictions, Harvard Medical School, 220 Longwood Avenue, Boston, MA 02115.

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A study comparing frequent gamblers with problem and pathological gamblers.


Doctors argue that the introduction of video-gambling machines is contributing to the destruction of many families on the island.
Massachusetts Council on Compulsive Gambling, (617) 426-4554.

This weekly fax succinctly highlights various topics in gambling addiction. Sources cited, charts, and graphs, etc. are included.


This study indicates that with increased availability to gambling, problem and pathological gambling in the population will also increase. The author examines gambling, in general, in Iowa; problem gambling prevalence rates; compares problem and non-problem gamblers; and compares the 1989 Iowa survey with the 1995 survey.


The author gives prevalence rates for gambling and problem gambling among Native Americans in addition to providing a profile of gambling and problem gamblers among the Native Americans.


The author presents the results of a statewide survey to determine gambling involvement and problem gambling. Profiles of those who gamble and types of games most often played are discussed.


The results of a Texas survey among adolescents to ascertain gambling behavior are given. 924 teens between the ages of 14 and 17 were interviewed.


The results of a survey given to 6,308 adults (18 and over) are given. Includes profiles of persons most likely to have bet money on an activity and profiles of problem gamblers.


A fact sheet providing concise information on compulsive gamblers and compulsive gambling.
Economic Impact


A study of the economic and social effects of gambling in one town. Some of the most interesting findings involved annual player losses and community revenue losses.


Primarily a response to biased gambling industry sponsored studies that were intended to help in the acceptance of a proposed plan to introduce casinos into the Chicago area. The paper is relatively long and encompasses a wide range of gambling issues as they relate to Chicago, including but not limited to: problem gambling, underage gambling, the underlying message of gambling, economic impacts and issues, social costs, and crime.


A summary of potential benefits and the negative impacts legalized gambling creates on Native American reservations.


One of the most well done state analysis of gambling's probable consequences. A thorough examination of "potential tax and revenue impacts of casinos" and "crime and social costs" relevant to Florida's existing economy.

Florida Department of Commerce. 1994 (September 19). Implications of casino gambling as an economic development strategy. Florida Department of Commerce: Collins Building, 107 West Gaines St., Tallahassee, Florida, 32399.

Emphasis is given to the likely effect of casino gambling on the tourism industry in Florida. The report "cites cannibalization, market saturation, sustainability and social implications as the primary reasons Florida stands to lose more than it can gain from the gambling industry" [News Release, September 19, 1994].

Final report of the Joint Executive-Legislative Task Force to study commercial gaming activities in Maryland. 1995 (December).

A concise summary of findings regarding the impact of casino-style gambling on the state of Maryland. The report briefly mentions public opinion, economic impacts (jobs, social costs, substitution effects) and other issues. The task force recommends that Maryland remain opposed to the introduction of casino-style gambling.

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A critical and well documented look at the consequences of unprecedented gambling proliferation. The author discusses economic, social, public policy, and political issues in the context of how they relate to, and are being affected by, the spread of gambling. The book is an outgrowth of Dr. Goodman's work as director of the United States Gambling Study.


An in depth consideration of the different ways in which gambling, in various forms, affects economic growth. Dr. Goodman also discusses the lack of objective research in this area and rates several prominent studies on their objectivity. The author also looks at problem gambling, the role of government as gambling promoter, the use of gambling tax revenues, and Native American gambling.

Grinols, E.L., and J.D. Omorov. 1996. "Development or dreamfield delusions?: Assessing casino gambling's costs and benefits." Manuscript available from Department of Economics, University of Illinois, 1206 S. Sixth St., Champaign, IL, 61820.

Casino gambling raises interesting economic questions as well as serious social and policy issues relating to the size of harmful externalities it causes and to the size of the associated consumer, producer, and tax benefits from placing casinos in new geographical areas. This paper estimates that social costs from expanded casino gambling are between $112-$338 annually per adult and that the producer, consumer, and tax benefits are $56. Casino gambling therefore fails a cost-benefit test. The evidence suggests that casinos of the type that have opened in many states do not act as tourist attractions and therefore are not economic development tools in those areas [Authors' Abstract].


The authors discuss the economic impacts of casino-style gambling on a regional level, focusing on: substitution effects, the effects of distance, and employment levels. Based on the authors' calculations and estimations, the impacts discussed are given in terms of dollars per adult.


The author succinctly answers three important questions regarding gambling: 1) How is gambling different from other forms of entertainment?; 2) Is gambling a good vehicle for raising taxes?; and 3) Does gambling create economic development?

A study of riverboat gambling employment effects in 8 Illinois cities. The author concludes "the data are unable to show any net effect on unemployment and very little net effect on employment as a result of gambling in the communities where it has been introduced" (p. 11).


The authors ascertain whether gambling tax revenues are actually used for historical preservation, as intended. Furthermore, the authors discuss how whatever gains in job creation, investment, and tourism have been accompanied by increased social costs.


Findings of a study determining if lotteries benefit public education spending. The study indicates that state lottery revenues do not help schools. The authors suggest that states should abolish lotteries altogether.


Kindt examines many of the reasons why legalized gambling negatively impacts economies and how they "create pressures for tax increases" (891) in an attempt to deal with gambling's consequences. The author also comments on some of the "peculiarities" of the gambling industry, evaluates past public policy towards gambling, and makes recommendations for current policy.


The proliferation of legalized gambling (particularly casino-style gambling) logically—although many state decision makers seem oblivious to the fact—leads to market saturation. This paper discusses many of the consequences of market saturation for those states who have introduced gambling into their borders. Issues discussed include: declining profitability of gambling enterprises, tourists versus "local" gamblers, cannibalization of "softer" forms of gambling, legalized gambling proliferation, etc.


In addition to negatively affecting the economy, legalized gambling also inhibits the establishment of new or relocating businesses into gambling areas. The author argues that due to the negative effects of gambling (substitution, gambling addictions, higher taxes, quality of life) businesses will naturally be reluctant to locate where gambling enterprises are prevalent.

By examining legalized gambling's negative economic impacts and past periods of legalized gambling the author argues that the current spread of gambling represents a real threat to the national economy. As such, Kindt recommends, at the very least, Congress ought to initiate a national commission to study the issues and outlaw further gambling proliferation until conclusive data is gathered.


Brief overview of gambling's primary negative impacts on the economy. Social costs and business issues are emphasized.


An in-depth and well documented article which details legalized gambling's negative effects on the economy and counters several pro-gambling economic arguments. Kindt discusses the inflated claims of casino proponents, the huge social costs associated with gambling, substitution and cannibalization, competitive advantages enjoyed by the gambling industry, and profit seeking strategies employed by the gambling industry. The article also includes several charts regarding crime and pathological gambling.


The Report looks at two main issues in the casino gambling controversy. First, it determines the amount of revenue the State of New York might reasonable be expected to realize from the legalization of casino gambling. Secondly, the report looks at the costs of casino gambling, the loss in pari-mutuel revenue, the loss in lottery revenue, and the cost to the State of treatment and prevention of problem gambling [Executive Summary].


An overview of the changes legalized gambling has wrought on Deadwood, South Dakota. Residents hoped gambling would revitalize the town, instead it has brought many unsavory consequences.

A study of the likely impact Atlantic City casinos had (and have) on gambling revenues in Nevada. The author finds that Nevada's gambling revenues are reduced annually by 10 to 12 percent due to the presence of Atlantic City casinos. The results are an excellent example of the effects of market saturation. More substantial reductions in revenue would be expected where casinos are located closer together.


Although casinos have increased government revenues for three small Colorado towns, "negative social environmental, and political changes, such as crime, alcoholism, traffic problems, and conflicts between cities and county, have lowered county residents' quality of life" [ERIC database abstract].


Many national experts testify concerning the effects of gambling. Issues discussed involve both economic and behavioral (addiction) concerns.


An independent and well conducted study of the impact native american gambling facilities are having on the economy of Wisconsin. The report considers the impact on local economies as well as the overall state economy. Issues that were studied include: who is gambling, spending behavior of gamblers, areas of substitution and the amounts, social costs, etc.

Crime


A study of the nature and prevalence of crimes committed by members of Gamblers Anonymous and selected pathological gamblers. Almost 60 percent of all the subjects reported committing a gambling related crime.

This report examines both street crime and traditional and non-traditional organized crime as they relate to casino-style gambling. The report concludes that the introduction of casinos into Florida would "severely strain local and state criminal justice resources at a time when those resources are already greatly stressed" (p. 2).


The article suggests that with the proliferation of illegal gambling dens which house video gambling machines, juvenile gambling has risen along with juvenile crime.


Unlike most business activities, legalized gambling activities add three significant costs to government: (1) regulatory costs; (2) socio-economic costs occasioned by new compulsive gambling activities; and (3) costs to the criminal justice system. These three costs, and in particular, the increased costs to the criminal justice system, are reviewed from the perspective of state governments. This article concludes that the flow of new tax revenues generated by increasing legalized gambling activities can theoretically stay ahead of increased costs to a given state's criminal justice system, but the increased costs overwhelm the benefits when all of the costs are considered [author's abstract].


Several hundred incarcerated youths (in prisons or youth custody centers) were interviewed in regards to gambling behavior and their history of being in the care of local authorities and/or living in children's homes. Frequent gamblers were found to be more likely to have lived in children's homes and/or been in the care of local authorities.


A look at pathological gambling, including a discussion on criminal behavior and the effects of incarceration. Good information is provided about pathological gambler's criminal behavior.


Profile of persons convicted of gambling related crimes: age, crime committed, race, social background, etc.
Miscellaneous


A report on how casinos ascertain and implement ways of keeping patrons inside and spending a maximum amount of money. From odors to colors, the casino environment is carefully calculated.


A descriptive and predictive article. The author discusses previous "waves" of gambling proliferation and predicts that the current wave may be short lived, giving way possibly, to a ban on widespread legalized gambling.
From a business-economic perspective, the main issue involved in
glealizing various forms of gambling is whether gambling activities
constitute a valid strategy for economic development. While the dollars
invested in various legalized gambling projects and the initial jobs
created are evident, the industry has been criticized for inflating the
positive economic impacts and trivializing or ignoring the negative
impacts. The industry's tendency to focus on specialized factors
provides a distorted view of the localized economic positives, while
ignoring the strategic business-economic costs to different regions of
the United States.

Since some issue areas have not received widespread public
attention, this analysis highlights some of the neglected issue areas as
they relate to tax revenues, social-welfare costs, education, and job
creation. From the perspective of U.S. economic history, the United
States has had previous economic cycles with widespread legalized
gambling activities. The most relevant cycle occurred after the
American Civil War and paralleled the post-bellum migration to the "Wild
West." Although gambling proliferated during this time-frame, within a
few years the trend toward prohibiting gambling activities had begun,
and by 1910 there was virtually no legal gambling in the United States.
Gambling activities were not just prohibited via state statutes and
local ordinances, but a fortiori, these prohibitions were incorporated
into most state constitutions. The fact that state constitutional
provisions were utilized to make it as difficult as possible for future
generations to legalize gambling activities (and thereby experiment once
again with a classic "boom and bust" economic cycle) lends substantial
credence to arguments that both historically and currently, the
legalization of gambling activities eventually causes: (1) increased
taxes, (2) a loss of jobs from the overall region, (3) economic
disruption of other businesses, and (4) large social-welfare costs for
society in general and government agencies in particular.

In recent economic history, legalized gambling activities have
been directly and indirectly subsidized by the taxpayers. The field
research throughout the nation indicates that for every dollar the
legalized gambling interests indicate is being contributed in taxes, it
usually costs the taxpayers at least 3 dollars—and higher numbers have

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"Professor, Univ. Ill. at Urbana-Champaign. B.A. 1972, William &

This statement should be interpreted as representing only the
individual views of the author.

1See generally, R. GOODMAN, LEGALIZED GAMBLING AS A STRATEGY FOR

2See, e.g., CAL. GOVERNOR'S OFF. PLAN. & RESEARCH, CALIFORNIA AND
NEVADA: SUBSIDY, MONOPOLY, AND COMPETITIVE EFFECTS OF LEGALIZED
been calculated. These costs to taxpayers are reflected in:
(1) infrastructure costs, (2) relatively high regulatory costs,
(3) expenses to the criminal justice system, and (4) large social-
wellfare costs. Accordingly, several state legislators (e.g., South
Dakota) have called for at least partially internalizing these external
costs by taxing all legalized gambling activities at a straight
50 percent tax rate. Furthermore, as a matter of good public policy,
state officials and legislators in Illinois have proposed legislation to
prohibit contributions by legalized gambling interests to politicians
and political campaigns.

In the context of social-welfare issues, it is well-established
that legalized gambling activities act as a regressive tax on the
poor. Specifically, the legalization of various forms of gambling
activities makes "poor people poorer" and can dramatically intensify
many pre-existing social-welfare problems. Demographic analyses reveal
that certain disadvantaged socio-economic groups tend to gamble
proportionately greater amounts of their overall income and marketing
efforts, particularly by state lotteries, have allegedly been directed
at these target groups.

From the business perspective, businesses are not naive. With
the exception of the cluster services associated with gambling, new
businesses tend not to locate in areas allowing legalized gambling
because of one or more of the aforementioned costs. In areas saturated
with legalized gambling activities, pre-existing businesses face added
pressures that push them toward illiquidity and even bankruptcy.
Although South Dakota does not constitute a saturated gambling state,
this trend has already been reported. South Dakota had virtually no
gambling in 1988 and then instituted casino gambling and video lottery
terminals by the end of 1989. Within two years legalized gambling
activities constituted one of the leading causes of business and

3 For example, just the social-welfare costs mentioned at footnotes
10, 12 infra usually dwarf the projected new tax revenues from the
legalized gambling activities.

4 See, e.g., Press Release, Off. Ill. Gov. James Edgar, "Governor
Warns Land-Based Casinos Could Bring Crime Surge As Well As Overall Loss
Of Jobs And State Revenues," Sept. 29, 1992 (summarizing several
Illinois State reports).

5 See, e.g., C. CLOTFELTER & P. COOK, SELLING HOPE 215, 222-27

6 Id. at 99.

7 For example, "[i]n a rare public stand on a controversial
political issue, the Greater Washington Board of Trade's 85-member board
voted unanimously against" Mayor Sharon Pratt Kelly's initiative to
bring casino-style gambling to Washington, D.C. Spyd & Woodle, Trade
Board Rejects D.C. Casino Plan, Washington Post, Sept. 25, 1993, SA,
at 1, 8 (emphasis added).
personal bankruptcies among South Dakota residents (whereas this cause was non-existent in 1989). More subtly, traditional businesses in communities which initiate legalized gambling activities can anticipate increased personnel costs due to increased job absenteeism and declining productivity. The best blue-collar and white-collar workers, the Type-A personalities, are the most likely to become pathological gamblers. A business with 1,000 workers can anticipate increased personnel costs of $500,000 or more per year—simply by having various forms of legalized gambling activities accessible to its workers.

To some extent businesses must already internalize the societal costs associated with assisting personnel with drug or alcohol-related problems. Legalizing various gambling activities increases the number of problems related to pathological gambling in the context of the workforce, and these costs are reflected in increased personnel costs—such as "rehabilitation costs," which can easily range from $3,000 to $20,000 (or more) per pathological gambler. In the context of the current healthcare debate, the spectre of these unanticipated costs can raise further concerns to businesses already being asked to bear certain healthcare costs.

Gambling activities and the gambling philosophy are directly opposed to sound business principles and economic development. Legalized gambling activities also negatively affect education—both philosophically and fiscally. In states with legalized gambling activities which were initiated allegedly to bolster tax revenues to "education," the funding in "real dollars" has almost uniformly decreased.

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8 See, e.g., Nelson, S.D. bankruptcies down 5 percent; Judge: Gambling caused most cases, Argus Leader (Sioux Falls, S.D.), Jan. 15, 1993, at 1.

9 The large social-welfare costs caused by legalizing gambling activities are necessarily reflected to some extent in the workforce. See footnotes 10, 12 infra and accompanying text. For example, lost work productivity alone has been calculated at $23,000 per year per pathological gambler. See, e.g., BETTER GOV'T ASSOC., STAFF WHITE PAPER: CASINO GAMBLING IN CHICAGO 14-15 (1992) (a comprehensive report). The costs of a "bottomed-out" pathological gambler are significantly higher. Id. at 14 ($27,000 per pathological gambler). See also ALCOHOL & DRUG ABUSE ADMIN., MD. DEP'T HEALTH & MENTAL HYGIENE, TASK FORCE ON GAMBLING ADDICTION IN MARYLAND 2, 59-61 (approximately $15,000 per year per compulsive gambler in lost productivity).

10 See, e.g., GAMBLING ADDICTION IN MARYLAND, supra note 9, at 29-30, 36-63 (1990); CASINO GAMBLING IN CHICAGO, supra note 9, at 12.

11 See, e.g., CLOTFELTER & COOK, supra note 5, at 151-53; CASINO GAMBLING IN CHICAGO, supra note 9, app. Q.
Those states which embrace legalized gambling activities can expect enormous socio-economic costs and declines in the quality of life. Unlike traditional business activities, legalized gambling activities cater to a market consisting of addicted and potentially-addicted consumers, and most pre-existing traditional businesses will find it quite difficult to compete for "consumer dollars" which are being transformed into "gambling dollars."

For example, the field research strongly suggests that the introduction of widespread legalized gambling in South Dakota, including casinos and video lottery terminals (VLTs), over a two-year time span caused a one percent increase in the number of problem and probable pathological gamblers—a recognized addiction pursuant to the American Psychiatric Association. Each newly-created pathological gambler has been calculated to cost society between $13,200 to $52,000 per year. These costs are not just reflected in society as a whole, but impact on all businesses. In particular, small businesses could easily experience disproportionate negative impacts, and unlike large corporations, small businesses would be less likely to have the asset base necessary to cushion against those negative impacts.

Sociologists almost uniformly report that increased gambling activities which are promoted as sociologically "acceptable" (the acceptability factor) and which are made "accessible" (the accessibility factor) to larger numbers of people will increase the numbers of pathological gamblers. The baseline of pathological gamblers as part of the population begins at .77 percent as reported by the 1976 U.S. Commission on Gambling. Since gambling has been legalized and made accessible in several states, the range has increased to 1.5 to 5 percent in those states. This translates into increases in socio-

\[12\] See, e.g., STRATEGY FOR ECONOMIC DEVELOPMENT, supra note 1, at 61-63; Politzer, Morrow, & Leavey, Report on the Societal Cost of Pathological Gambling and the Cost-Benefit/Effectiveness of Treatment 8-10, 18-20, 23-25, 29-30 (5th Nat’l Conf. on Gambling and Risk Taxing 1981); CASINO GAMBLING IN CHICAGO, supra note 9, at 14. See also GAMBLING ADDICTION IN MARYLAND, supra note 9, at 2, 59-61.

The more recent estimates are tending to cluster in the range of $13,200 to $35,000 (without adjusting for inflation). Even the lowest estimates reflect large social-welfare costs, which should be compared with any projected new tax revenues from legalizing various forms of gambling activities. In most instances an increase of one cent or less in the sales tax would raise more tax revenues than the total of a state’s projected revenues from legalized gambling activities.

\[13\] U.S. COMMISSION ON THE REV. OF THE NAT’L POL’Y TOWARD GAMBLING, GAMBLING IN AMERICA 73 (Gov’t Printing Off. 1976) (another 2.33 percent equal “potential” pathological gamblers).

\[14\] See, e.g., ALTA. LOTTERIES & GAMING, GAMBLING AND PROBLEM GAMBLING IN ALBERTA 18 (Jan. 1994) (summarizing 20 studies showing the range of problem and probable pathological gamblers at 1.7 to 6.9 for adults and 3.6 to 12.4 for adolescents).
economic costs which must be addressed and absorbed primarily by taxpayers, but also by businesses, charities, social-welfare organizations and governmental units.

On a regional level, the combined ranges of these various socio-economic costs are so large\(^\text{15}\) that they tend to dwarf the localized economic positives. These drains on society could easily translate into a net loss of jobs on a statewide or regional level.\(^\text{16}\) Furthermore, it can be argued that the combined economic positives and negatives result in a net negative economic multiplier.\(^\text{17}\) From the perspective of business-economics and strategic development, major businesses are and should be concerned with the trend toward expanding various forms of legalized gambling activities. Among other reasons, nongambling-related businesses will not be competing for consumer dollars or recreational dollars on a "level playing field," because legalized gambling activities can cater to an addicted and potentially-addicted market segment.

Since the U.S. economy and most state economies are extensive in scope, the socio-economic negatives associated with legalized gambling activities can remain hidden for long periods of time. However, just because a particular activity is "legalized" by a state government does not mean that the negative business or societal impacts have been eliminated—or even reduced.

Increasingly, taxpayers and businesses are beginning to realize that, as Professor Jack Van Der Slik has summarized for much of the academic community, state-sponsored gambling "produces no product, no new wealth, and so it makes no genuine contribution to economic development."\(^\text{18}\) Business-economic history supports this proposition. To paraphrase Georg Hegel's common quote, "those who forget the lessons of economic history are condemned to relive them."\(^\text{19}\)

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\(^{15}\)See, e.g., Subsidy, Monopoly, and Competitive Effects of Legalized Gambling, supra note 2, at ES-1.

\(^{16}\)Id.

\(^{17}\)Id.

\(^{18}\)See, e.g., Strategy for Economic Development, supra note 1, at 50.

\(^{19}\)Van Der Slik, Legalized gambling: predatory policy, ILL. ISSUES, Mar. 1990, at 30.

\(^{20}\)J. Bartlett, Familiar Quotations 507 (14th ed. 1968).
There would be little concern over how much gambling there is—if it were not for the social problems and costs that gambling creates.

Gambling versus Ordinary Entertainment
Gambling proponents defend the industry as providing just another form of entertainment. In fact, there would be little concern over how much gambling there is—if it were not for the social problems and costs that gambling creates. These costs are quite high, and quite real.

Though the gambling industry prefers to refer to itself as “gambling” to emphasize the idea of leisure games played for entertainment and relaxation, this does not give the entire story. At least three things would need to be changed to convert gambling to ordinary entertainment in its social impact.

First, for a small percentage of the population, gambling is addictive, with all of the harmful connotations that addiction implies. This leads to costs imposed on society, including on those who do not gamble. One, therefore, would have to prevent the addiction of the 1.5 to 5 percent of the population who will become addicted to gambling when the opportunity to gamble is available.

Second, although gambling merely transfers money from one person's pocket to another, it uses time and resources. Gambling beyond the point of recreation or entertainment reduces national income. This type of gambling would have to be eliminated.

Third, because the nature of gambling requires government oversight and restriction (the limitation of competition), it is an industry that offers artificially high profits for the few fortunate enough to be licensed. For example, in Joliet, Illinois investors put up $7 million to fund a riverboat casino after being awarded a state license. News accounts (Chicago Sun-Times, April 18, 1994) reported that they nearly tripled their original investment—within the first six months of operation. This kind of profit drives others to seek to expand gambling for their own benefit. This usually requires convincing some governmental body or official to grant a license to acquire that license for oneself. The recent $20 million influence-buying attempt by a casino using two government insiders to help obtain a license in Illinois is an example of what can result (Chicago Tribune, March 28, 1995). The resulting con-

Editor's Note: Extensive notes and references for this article can be found on page 12.
centration of money and influence in the hands of a small group in the gambling industry creates a climate of rent-seeking and constant pressure to expand gambling by licensing new operators. In the 1990s the gambling industry has repeatedly used its money for influence. The massive concentration of money and questionable influence into the hands of a few in the gambling industry would need to be eliminated.

One proposal to alleviate the problem of rent-seeking and influence-buying—as well as provide greater benefits to taxpayers— Involves states owning the casinos themselves and then paying a management fee to the lowest-bidding company to operate the boats. This, of course, raises other problems such as the issue of a state competing with private entertainment businesses while holding a gambling monopoly. Another suggestion might be to tax casinos heavily enough that their rate of return is no higher than for ordinary businesses.

Were each of these changes made, gambling would become like other forms of entertainment. In that event, the amount of gambling would not be a social concern.

The Social Costs of Gambling

Among gambling’s social costs, those that are more easily quantifiable are associated with addicted gamblers. These costs derive from the apprehension, adjudication, and incarceration of those committing gambling-related crime, and from the cost of lost productivity of addicted gamblers. To these costs we must add the direct regulatory costs associated with gambling. If between one and five of every 100 of a firm’s employees will become delinquent due to gambling addiction, steal from the company, or worse, it represents a significant cost of doing business. The Champaign, Illinois, banker who stole nearly $1 million by taking out fictitious loans in other people’s names, using the proceeds for loan payments, and gambling is a good clinical example. The bank discovered the fraud when he missed a loan payment, after which he tried, convicted, sentenced, and served time in jail. In addition to the costs born by the bank, social costs included costs to the legal system (the time of accountants, prosecutors, the judge), and incarceration.

Gambling-related crimes are economically significant. In a published report, the American Insurance Institute is cited as estimating that 40 percent of white collar crime has its roots in gambling.1 The Institute finds that insurance fraud (such as arson) alone as related to gambling is $1.3 billion per year, or more than $10 annually for every working American.2 The social costs per addicted gambler—just those that can be easily quantified as described here—are estimated to be between $14,000 and $30,000 per year.3 Assuming, as is consistent with recent studies, that the increase in addicted gamblers as a percent of the adult population due to the introduction of gambling4 is between 0.75 and 2.25 percent,5 implies social costs between $100–$300 per adult in a region where gambling becomes prevalent. Since I first made these estimates public, I have learned of recent research that indicates this range may be too conservative and that the costs may be higher.6 Notice that these costs are averaged over all adults in the area, not just those who gamble.

Gambling’s social costs are enormous7. Applying them to the adult population of the United States implies losses equal to the lost output of an additional 1990P–1991P recession every eight to fifteen years, or an additional hurricane Andrew (the most costly natural disaster in American history) every year, or two 1993-level Midwest floods (the largest floods on record for the area) annually.

Information from localized experiences highlights other costs to the public. For example, in October 1994 the front page of the Des Moines Register described a 19-year-old college student who began gambling, left college to be nearer to the Tama Indian Casino, and started taking out college loans at different banks, though he was no longer a student. According to family members, he told them that he "thought about gambling every second of every day." He shot himself in the head on the day his car loan payment was due, leaving a note saying, "I’m out of control."

Another man killed himself recently in the parking lot of the Elgin, Illinois, casino after gambling. He had $13 in his possession, although he had won about $4,000 the day before at the nearby Arlington International Racecourse.

Placing a dollar figure on the cost of a suicide is not easy. The social costs I discussed here do not include the harmful effects of many social problems such as suicide. According to leading gambling researcher, Henry Lesieur, compulsive gamblers are more than five times more likely to commit suicide than the general population.8 Areas where gambling is prevalent frequently stand out in a number of statistics that reflect the social problems associated with gambling. Nevada, for example, has the highest suicide rate for residents in the nation—its rate is more than double the national average.9 It has the highest school dropout rate; is first for deaths per vehicle-mile driven; and, according to the January 1994 issue of the Archives of Pediatric and Adolescent Medicine, it led the nation in child death by abuse in 1979–1988 (a period when casino gambling was illegal in other parts of the nation except Atlantic City). Although Nevada does not lead in the statistics for all problems, it shows up prominently in statistics for other social prob-
If between one and five of every 100 of a firm’s employees will become derelict due to gambling addiction, . . . it represents a significant cost of doing business.

Problems including crime. Cities that have introduced gambling report that family-related problems such as child abuse rose after the introduction of gambling. 11

Concerning gambling and income reduction, activities that use time and resources without creating something of tangible value reduce national income. Even though the attraction for many who gamble is not leisure, those who speak for the industry often assert that all gambling is recreational. That is, regardless of motive or amount lost, the gambler must have purchased entertainment equal in value to what was lost. Many hold to this position in spite of evidence such as the survey in which less than half of the respondents said that they gambled for enjoyment and fully 27 percent said that they gambled to get rich. 12 This raises the question of whether someone who makes $20,000 per year really experiences $4,000 worth of entertainment in one night when that $4,000 is lost gambling on a riverboat. 13 Paul Samuelson, Nobel prize-winning economist and internationally known authority and leader in the establishment of the theory of risk and uncertainty, has linked gambling to income reduction, by writing that “when pursued beyond the limits of recreation . . . gambling subtracts from the national income.” 14

Because of the substantial case to be made against gambling as the creator of social problems, the gambling industry has spent a great deal of money for lobbyists, campaign contributions, marketing experts, and others to represent its case and add respectability. These efforts protect the interests of the industry in the tremendous profitability of a competition-limited sector. In Illinois, for example, the Chicago Sun Times (April 10, 1994) reported that nearly two-thirds of the legislature shared in contributions from the gambling industry totaling $675,000. The largest recipients were the then Democratic Speaker of the House and the Republican President of the Senate. In another state, a former president pro tem of the state senate has told me that the gambling interests “own the legislature.” Often, as reported for example, in the Columbia Journalism Review (January/February 1994), those who speak for the industry are found to have financial ties to it in one form or another.

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It is not uncommon for the gambling industry to outspend its opponents by overwhelming margins of as much as $100 to $1 in areas where the industry wants to place new casinos. The recent poor showing of the industry in the November 8, 1994, elections has even suggested to some observers that unless gambling interests outspend those on the other side of the issue by $75 to $1 or more, the voters reject gambling. Gambling expansion initiatives failed in Colorado, Florida, the Navajo Reservation, Massachusetts, Rhode Island, and in New Mexico (the latter due to an illegality in the way in which the issue was placed on the ballot). In Waterloo, Iowa, voters rejected casino gambling on May 17, 1994, but the gambling interests were powerful enough that the issue was placed on the ballot again only four months later on September 27. Spending by the gambling industry was $40 to $1. The initiative failed. The gambling industry spent $16.7 million dollars to $1.6 million by opponents ($10 to $1) in their attempt to convince Florida voters to open their $32 billion tourist market to the casino industry (Florida Sun, November 9, 1994). Floridians, who had twice before rejected casinos, voted down gambling by a margin greater than two to one. On April 4, 1994, Missouri voters rejected an amendment to their state constitution to allow games of chance, but the gambling industry was able to place the issue on the ballot for another vote in November 1994. The industry more than doubled its spending the second time around, bringing the ratio of spending to $7 million to $90 thousand (a ratio of $78 to $1), winning the initiative. Those knowledgeable about the political situation in Missouri doubt that the issue will be placed on the ballot again soon, now that the gambling industry has won. It is interesting that South Dakota, for which only 37 percent opposed video gambling in 1989, found that opposition had risen to 47 percent by 1994.

The willingness of the gambling industry to support “cheerleading” publishing by academics and economic consulting firms, make large political contributions, devote millions of dollars to public advertising, and create “citizens-for-gambling groups” testifies to the amount of money at stake. The ability of the industry to pursue a strategy as it has in Florida, Iowa, Missouri, Michigan, and other jurisdictions whereby public votes are taken repeatedly when the gambling industry point of view fails is also quite impressive. Many question, however, if such activity leads to good government and policymaking in every case.

Gambling as Tax Policy
Government bodies often act as if they believe that gambling taxes are costless revenues delivered without the pain of ordinary taxes. However, gambling taxes are more costly than taxes raised the ordinary way. An ordinary additional tax dollar costs the private sector in the neighborhood of $1.17 to $1.57 in social costs per dollar collected.15 (For example, a 25 percent tax on an $80 item raises the cost to the consumer to $100, which could be high enough to dissuade the consumer from purchasing the item. Thus, both the consumer who loses the item and the seller who loses the sale bear social costs.) Assuming that fully 40 percent of gambling revenues are taxed, an adult that loses $200 per year in gambling would provide government with $80 in taxes. Total social costs imposed are the $80 lost plus the $100 to $300 in social costs. This means that gambling taxes cost between $2.25 and $4.75 per dollar raised. If gambling taxes are 20 percent of gross revenues (the usual rate for casino riverboats, for example), the cost per dollar range becomes from $3.50 to $8.50. This is far more costly than raising taxes.

The American Insurance Institute estimates that 40 percent of white collar crime has its roots in gambling.

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promotional literature produced by the gambling industry and its spokesmen, gambling operates under the same laws of economics as other business. It is different, as described earlier, only in its negative externalities. This means that when convenience gambling locates in a population center, drawing its clientele from nearby residents, it does not create jobs any more than adding a new restaurant to a large city would create jobs. When the casino or restaurant grows in size, its revenues come at the expense of the revenues of other business. One enterprise shrinks as the other grows, with the only lasting result being a shift of resources out of the other sectors into the expanding firm.

In principle, tourist gambling can lead to an expansion of the economic base (Las Vegas would be a minor town in the desert of Nevada if not for tourist gambling), but it does so at the expense of neighboring areas (primarily California, in the case of Nevada). Areas that develop successfully through casinos shrink the economies of neighboring areas while sending many of the social costs home with the problem gamblers (such as the banker mentioned earlier whose gambling was conducted elsewhere, but whose costs were paid in Champaign).

Whether any business adds to the economic base or diminishes it depends on whether the business draws more new dollars to the area that are then spent on goods and services in that area. To benefit the local economy these new dollars must exceed the number of dollars the business causes to be removed from the area. Because casinos have artificially high profit margins, are often owned by out-of-area investors, and frequently take dollars from the area’s existing tourist base rather than attracting new tourists, the effect of gambling in many cases is to diminish the economic base and cost jobs. This possibility, dependent on net export multiplier theory and regional input-output multiplier analysis is not in dispute among responsible economists. However, it is difficult to find any gambling industry study that evaluates or even mentions this possibility. Discussions of how much money will be taken out of the economy by promoters in the form of profits or out-of-area purchases or how much will be used to fund later expansion into other areas is never included in industry proposals.

The claim is frequently heard that by introducing gambling a locality can regain revenues that are currently being drained by a distant gambling center. However, such a claim must be evaluated carefully. It is also possible that introducing gambling can increase the total of all gambling while having little or no effect on those who gamble at distant centers. In fact, it may even worsen the outflow by introducing more people to gambling. This was precisely the situation of Chicago between 1990 and 1993. In 1990, before casinos were introduced in Illinois, there were 760 thousand visits by Chicagoans to Atlantic City and Las Vegas. In 1993, after casino gambling had been available in Illinois for several years, there were still 760 thousand visits to Atlantic City and Las Vegas, but the total number of gambling visits had risen from 902 thousand to 2.5 million.

If gambling is just a shell game—attracting dollars from one person’s pocket to another and from one region to another—whose effects depend on the same rules of economics as other business, why do other businesses not receive the same amount of public attention? The question brings us full circle to the questions we posed at the beginning of this article.

Summary and Conclusions
Apart from the social harm that it causes, gambling would be just another inconsequential, low-technology business earning ordinary profits and exhibiting easy entry and exit. It is a logical impossibility for every area to win at the others’ expense when gambling is present in every region. For the nation as a whole there will be no net economic development from the spread of gambling, but there will be the creation of a new social problem and the social costs that entails. The best research available today indicates that these costs are very high. Because the pressure for new casinos will continue as long as the profits of gambling promoters are artificially high in consequence of the need for government oversight, and because “beggar-thy-neighbor” competition between localities provides incentives for an ill-considered race to the bottom, a national policy is needed if sensible choices based on a dispassionate comparison of the benefits and costs of gambling is to replace present trends. From a national perspective, the sole benefit of gambling is that it is an additional form of entertainment for the subset of users who gamble recreationally and can do so without harming themselves or others. The cost-benefit question is whether we need another form of entertainment badly enough that we are willing to pay for another social problem whose costs are equal to an additional recession every decade in order to have it.
7. Many representatives of the gambling industry claim not to be knowledgeable about the computation of social costs of gambling, in spite of the fact that in places like Nevada gambling has been a major part of the economy for over 50 years and it has supposedly been a subject of study. With the spread of gambling to other parts of the country, however, more serious research is becoming available. Recently state of Florida economists independently estimated the costs of introducing casino gambling (Casinos in Florida, op. cit., pp. 28, 72-83). Using data supplied by the Florida Department of Corrections, and dividing by the adult population of Florida, the crime-related costs found were between $270 and $380 per adult. Using lower estimates of the cost per pathological gambler from earlier researchers, the Florida study re-estimated the cost to be between $102 and $338 per adult per year. These higher estimates overlap with the cost range described in the text.

8. Taking the mid-range figure of $200 per adult, costs would equal $39 billion, more than one-half percent of all US GDP.


11. See Jeffrey Bloomer, Committee on Small Business, op. cit.


13. For an analogy, consider the effects of a strange法 whereby some people enjoy digging holes in the ground, hiding money in them, and then digging to find money hidden in holes that others have left. They even pay third parties to furnish ground, shovels, and food to be used in this sport. As long as they get enjoyment value from what they do, there is little to object to. However, if the digging attracts others who do not dig for enjoyment, but leave productive activity to dig for money, the time and resources devoted to this activity and making it possible reduces national income.  


17. Pressure to expand gambling will remain as long as the rate of return on gambling investments is above the return on ordinary business with competition. This will be the case as long as gambling is regulated, which it must be.

18. I have described some of the ways in which the reports become unbalanced in my earlier paper, "Bluff or Winning Hand? Riverboat Gambling and Regional Employment and Unemployment," Illinois Business Review, April 1994; in testimony before the Speaker's Task Force on Gambling, Illinois House of Representatives, Springfield, Illinois, March 29, 1993 and before the Illinois Senate Executive Committee, Subcommittee on Gambling, Chicago Illinois, June 8, 1993. Optimistic assumptions and/or the choice of parameters at the extremes of, or even outside of, previous experience can explain some of the sources of unbalanced reports. In addition, industry-financed studies will often describe the positive money flows and benefits, but fail to document the negative flows and costs. By focusing on only part of the story the end product is incomplete. See, for example, Goodman, op. cit., p. 16.


20. See Committee on Small Business, op. cit. (statement of Professor Goodman.


22. I have employed such models myself for evaluating the job displacement effects of gambling proposals as when I estimated the effect of casinos in Chicago.

Gambling’s social costs are enormous. Applying them to the adult population of the United States implies losses equal to the lost output of an additional 1990-1991 recession every eight to fifteen years.

Dissociality versus Decent Debate
Ground swell of public interest has never been the impetus for expansion of gambling. As indicated, pressure for gambling has come primarily from gambling promoters and groups that want to own a casino.

One way the gambling industry has responded is to promise economic development. As already explained, many of these studies are unbalanced in their analysis so that even those close to the industry caution against taking these claims too seriously. A complementary strategy, reminiscent of the tobacco industry’s response to early studies linking cancer with smoking, is to deny high social costs by denying that the spread of gambling will increase gambling addiction, or by denying the validity of unfavorable research. This includes questioning the credibility or motives of researchers, even though the money made from the gambling industry is the obvious source of conflict of interest for those who speak for the industry.

Another tactic, exemplified by plans of the gambling industry to locate in the narrow part of West Virginia between Ohio and Pennsylvania, is to divide and conquer based on “beggar-thy-neighbor” gambling competition. By having regions vie for each others’ dollars, the industry can enhance its chances of expanding into both locations. In West Virginia, officials were told that casinos would draw more than 80 percent of their patrons from nearby areas (notably Columbus and Cleveland, Ohio, and Pittsburgh, Pennsylvania). If such a great proportion of the gamblers will come from much larger population centers in neighboring states, why does the industry not locate its casinos there directly? In many cases, the answer is that they would like to, but have been turned down. The casinos in Gary, Indiana (targeting the Chicago market) will almost surely be cited by the industry in the future as a reason to introduce gambling into Chicago. By locating first in a neighboring area, the industry provides itself leverage for later expansion. The pattern can be noted in diverse locations across the country: Tunica, Mississippi, feeds on the Memphis, Tennessee, market; Las Vegas feeds on the California market; Atlantic City feeds on the Philadelphia market, and so on. In the case of East St. Louis, the casino objective was to attract money from St. Louis, Missouri, until casinos would be opened in St. Louis itself. The classic “race to the bottom” engendered by such competition naturally works in the favor of gambling expansion. However, when the bottom is reached—convenience gambling is offered in each region—few regions will attract money from other areas, though all will experience, to varying degrees, the associated social costs. Even though they suffer the social costs of gambling, tourist gambling centers like Las Vegas and Atlantic City avoid much of the costs when the gamblers take their problems back home.

Gambling as Economic Development
In contrast to the impression of gambling as a powerful engine of job creation often provided by the
APPENDIX III

1. Transcription of Tape Recorded Interview of Bill Curran
JLD: Bill, you understand we're tape recording this; do you have any objection to my tape recording this interview?

BC: No Problem.

JLD: Okay. I'm going to ask you some questions regarding first of all, the Indian Gaming Regulatory Act. Do you think that the Indian Gaming Regulatory Act, first established a level playing field for Native Americans?

BC: I don't think that the act was, the act was probably well enough thought out in advance as far as a document to [that?] put on paper. What nobody contemplated was the way it was going to be interpreted and twisted and utilized to eventually be the justification for wide open casino gaming on Indian Reservations totally without any kind of a regulatory system in place. I think good intentions and while I'm not critical of the document itself or the thinking that went into the document, I don't think anyone could predict what the courts and others would do to it, which I think has been, gone far beyond the intention of the act itself, and, uh, created, to use your, to go back to your language about a level playing field, that it has created a playing field that is not level, neither then is it, uh, fair as between the longtime gaming operators and the new operations, but it's also not fair as between the various Indian tribes. The Indian tribes who've tried to do a good job to regulate themselves and to have a legitimate gaming activity are penalized because they risk judgment by comparison or grouping with other tribes that don't have the same priority. And they do [do] things that are less scrupulous and less forward thinking.

[JLD: Okay, I'm going to stop {garbled}]}

JLD: Okay, and now, based upon what, what your answer was on that, uh, did you read the ruling [of] the First U.S. Circuit Court of Appeals, and this is regarding Rhode Island, where they upheld a lower court's ruling that the Governor of the State must, or was required or mandated to negotiate with the Indians about their plans to build a casino on tribal land in Charleston. If we change the Indian Gaming Regulatory Act, what do you think the rulings will be in the courts, or how do you, how do you expect these rulings will affect other states?
BC: We pointed out that some of the investment is coming from overseas, including from some third world countries where very little is known about the source of the funds, or the integrity of the people who provided the funds.

JLD: Okay. In an article that the RJ printed June 5th and it was on the Louisiana Scandal, did you read that...

BC: ...yes...

JLD: ...where they quoted you, and the quote was “Everybody knew that someplace, at sometime, some scandal was going to break out. Nobody was overly surprised that Louisiana was the first.” What made you say that, was there a reason why you said that Louisiana would be the first?

BC: There’ve been rumors circulating for a long time about improper activities, improper people being involved in gaming in Louisiana. I think that there are other jurisdictions as well, but, while nobody may have predicted anyone as being the first place where a scandal would erupt, I don’t think anybody was surprised when it happened in Louisiana. I can show you front page coverage of what is perceived as scandals in Indian Gaming in Minnesota, and, maybe I should show them to you.

JLD: I’d like to see those [laughs]. I’ve heard about Minnesota, by the way, and I’ve talked to some of the operators there. One of the other things I wanted to ask you was, you’d like to see a real active federal commission as far as getting a regulatory agency started, but you said that you wanted to see more power with the states. Could you foresee Nevada, quote, unquote “cashing in” on it by setting up a division under the Gaming Control Board that would offer its services, go to other states, tell them how to do it, and, charge a fee for their service?

BC: Nope. I don’t think that’s gonna happen. I think the beauty of local control is that the local people can best understand the situation, and best fashion effective structures, and employ effective personnel to oversee gaming. I think that trying to export people from Nevada would be just as disastrous as trying to export people from Washington D.C. ... that is not going to happen. You are not going to see a super-regulatory agency based in Las Vegas or based in Nevada, regulating gaming anywhere else. I think the rest of the world would resent our interference every bit as much as we would resent somebody else coming and telling us what to do.

JLD: How would an active federal commission, overseeing Indian lands, which are sovereign lands within a state, interact with a very active commission established by a state to oversee gaming outside the reservation within the state?

BC: Well, let me say first, I don’t paint anybody with a broad brush, I don’t say that every Indian effort at self-regulation is a failure. I think that some are veritable models. I think
BC: Well, first, I have not read that opinion arising from Rhode Island. I do think that what the courts have done is, uh, played “chicken” with the states saying with Congress, it said that there is going to be all or nothing and we’ll get the, uh, court finds that the states haven’t done what was, what the court felt should have been expected of them, they then permitted the tribes to undertake gaming with no thought whatever of the importance of the regulatory system, and that the states have now felt that they can’t impose a regulatory system. I don’t think anybody ever contemplated that the question was should, should certain gamings be permitted on Indian Reservations in recognition of their sovereignty and things of that nature. I don’t believe that anybody ever contemplated that the present situation would develop where instead of having the pull tabs, or instead of having the bingo, or instead of having small, low level type gaming activities permitted, that you would now have the mega-resort, full-scale casinos, the most profitable casinos in the world, and the largest, some of the largest, existing on reservations. So, I guess I’ve gotten away from what your question was, but, I certainly do not think that the first place, it illustrates the inadequacy of courts to try to deal with this kind of situation. They have no understanding or appreciation of the industry or the problems that the industry can present and, uh, I think it has also led some of the states to now react by authorizing casino gaming, under circumstances where there are totally inadequate controls, because they’re mindful of the fact that it does not discourage operators to establish themselves in the new jurisdictions in other states under circumstances that would be more expensive to do business in than it would be to do it on an Indian Reservation where there’s no control. What was the question again [laughs]?

JLD: You answered it [laughs]. What portion of IGRA (Indian Gaming Regulatory Act) would you like to see amended?

BC: Well, first and foremost there has to be a requirement that there be a regulatory, effective, competent, regulatory system set up, to see to it that everybody concerned is protected, I mean, this isn’t a white versus Indian issue. I’m mindful of just what the reports from the tribes in Minnesota about the involvement with the organized crime families; there are nine [garbled] reports on Indian Reservations that they believe that the operators that they’ve undertaken contracts with have been skimming profits, and, I can say that, the Indian society is in the long term, not going to be any more willing to put up with the unwanted side effects of infiltration from the criminal element in the gaming on Indian lands than the [garbled] would be tolerant of the same kind of activity in the casinos in Nevada. I think that probably some of the tribes may not yet have come to the recognition that strong regulation is very much in their interest, but I think that, in a relatively short time, that point is going to start to gain acceptance by the Indians themselves.

JLD: So, do you think then it should be a federal commission that retains authority and control over Indian Gaming?

BC: I think that there should be minimum Federal standards. I think that the Nevada Model, which has been proven over time to be effective should be established as a sort of
a floor level regulation that, if the tribes can meet that level of regulation through their own efforts or by complying with state laws, that should be deemed to be acceptable, but if there isn’t that kind of external, independent, effective system of regulation, then they should impose that kind of regulation to the Indian Gaming laws.

JLD: How strong do you feel the Native American Lobby is on Capitol Hill, and will they be lobbying against Nevada, Nevada lobbyists, from the Nevada Resort Association, on amendments to IGRA?

BC: Well, I think that, uh, the Nevada Resort Association doesn’t speak with one voice on this issue, maybe they did a few years ago, in opposition to the spread of Indian Gaming, but, I think there’s an awful lot of Nevada operators who now see opportunities on Indian lands, and are most anxious to take advantage of those opportunities. I think they’re particularly interested because they realize that Indian Gaming can be the wedge that will open up new jurisdictions to full casino gaming and that, while the Indian lands are generally in remote locations, states, once they have full time casinos, or, uh, full-scale casinos in their midst, even thought they’re in remote locations, thereafter will be willing to permit full-scale casino operations in the traditional resort areas.

JLD: So, then, do you think that, if Nevada’s big operators assist, work hard for Native Americans on Capitol Hill, do you think they’ll have a stronger lobby, and that their lobby will be much stronger than the opposition’s?

BC: Well, I don’t know who the opposition is. . .[broken].

JLD: . . .[breaking in]. . . say, for instance, states that don’t want gaming, states that resent the fact that they’re required or mandated to sit down and negotiate gaming compacts with the Indians?

BC: In 1989, there were two states that had full scale gaming activities, Nevada and New Jersey. Today, as we sit here, there are, I believe, twenty-four states. I believe that, potentially, forty-four states are subject to having full-scale gaming activity, because of Indian Gaming possibilities, and, I think that lawful gaming and, during that period there’s never been a vote of the people that has ratified the spread of gaming; there has never been an initiative or referendum that passed. Every initiative or referendum that there has been has voted against gaming. The spread has come either through legislative enactment or judicial fiat. I don’t know that the public demands gaming in every community, but, I guess I’m fatalistic in my expectation that, in a fairly short period of time there is going to be full-scale casino gaming in virtually every community in the country.

JLD: Okay. I’ve got one more question on IGRA and then we’ll move on. When do you expect it to pass out of Congress, and do you think that Nevada will play a major role in authoring it [garbled, talked over]?
BC: There's supposed to be, there was supposed to be some amendments to the Indian Gaming Act, but they're [garbled] to regulation that was supposed to be promulgated on June 7th; this is the 13th, and we don't have them yet, but, I'm told that they are forthcoming; it should be imminent when they're released... 

JLD: . . . Okay. . . . 

BC: Of course, the fact that there's an amendment proposed doesn't mean that it's; what's proposed doesn't mean that what starts on the system; it doesn't mean that's what comes out at the other end.

JLD: Do you think that Nevada will a major role in authoring it, like Senator Reid did last time, in one portion?

BC: Well, we've already been very active in it. Senator Reid has been active, Senator Bryan, Chairman Bible and I have both been in Washington, testifying on it, as have a number of other jurisdictions.

JLD: Okay, I'm going to move to organized crime for a minute. [I'm not sure if this is picking up very well, okay]. The June 12th RJ (Review Journal) printed an article wherein Daniel Tucker, the chairman of a tribe out of San Diego County, criticized Tony Hope, . . . did you read this article? . . .

BC: . . . yes. . . .

JLD: . . . for a statement they made, regarding to the Marango Indian Reservation Casino Operator's indictment. Do you agree with Mr. Hope that Indian Gaming may be infested of undesirable elements and they just all haven't been found yet?

BC: I saw the article in the paper. I don't know if I agree or disagree with what Tony Hope said, but I do agree that there is widespread criminal activity in some of our new, unregulated, or under-regulated jurisdictions, and I think that that is not limited to just simply the Indian Reservations.

JLD: But, in that regard, if there were a more active federal commission, regulatory board established, would you like to see that board have the authority to not only investigate casino, proposed casino operators and management teams, but also, investigate the investors into the casinos, especially when it comes to foreign money being involved in the establishment of a casino on a reservation?

BC: Sure. . . I think it's critical. I think it's critical, and I think it's in the long term interest of everybody concerned including the tribal operators, tribal members

JLD: Is that one of the, points that you and Mr. Bible made, is regarding foreign investment?
that Foxwoods and to the Pequots. I think they've done as good a job at self-regulation as they can do. I think that self-regulation is inherently flawed, because I think it requires independent regulation, but I think that if every tribe modeled itself after what the Pequots have done at Foxwoods, they would certainly be far ahead of where they are today. I know less about what they've done with the Mohicans in New York, but I'm told they've done quite a good job. My real concern is that there are a lot of operators and tribes that don't give this any priority. They think it's just simply an interference and they don't want to [garbled] it; and likewise I'd say that some states have done a very effective job. With New Jersey it was the new kid on the block. They did a, came in and, well, we might say that they over-regulated. I can say that the risk of over-regulation, the risk to society that comes from over-regulation, is less than the risk to society that comes from under-regulation, and, I think that, society is very much at risk from under-regulation of activities on both Indian lands and non-Indian lands.

JLD: Okay, we're going to move to the gaming tax. We have to talk about the gaming tax. Reports in February indicate that, for the first time, the annual pre-tax profits in Nevada gaming industry surpassed a Billion dollars. Do you foresee a gaming tax being placed on all gaming, exclusive of lotteries, in the near future?

BC: A lot of garbage. I think that it'll be a, a battle will be fought in Congress, virtually every year. But I think that gaming has been a traditional revenue source for state and local government, and not for the federal government, and, well, it's possible the tax rates may be adjusted by the various jurisdictions. I would doubt that you'd see federal intervention, and new taxation in this area any more than you would in a federal property tax, for example. That has been a traditional state and local revenue source.

JLD: How would that affect Indian Gaming? Would Indian Gaming then be immune from that tax?

BC: Well, certainly some tribal members have urged that, if there is any federal taxation, that they should be entitled to claim sovereignty and exemption from any taxation. I think the latest word from Washington, and I think one that will prevail for the foreseeable future is that, there is no appetite for new taxation in general, and that, I don't think you're going to see a federal tax on gaming for the foreseeable future.

JLD: Okay. When I was reading about this tax, I read that for [?Akita-garbled], it was for a brief, shining moment, I looked up. Resource Association is resurrected on it's lobbying efforts against this tax. Near a coalition of service industries that also joined the NRA. Do you see that coalition hanging in throughout the years, along with the gaming operators, to fight such a tax?

BC: Well, I think what you are talking about is now called the Gaming Employers Association, I think. . . . Yeah, I think that that association will hand together; I think that they will certainly monitor taxation efforts in Washington, but, it will probably also have other common issues that they're interested in that they'll just focus on that. So, I think
that that kind of an organization will continue. I don't think that the industry is entirely monolithic, and that the same things that have led the Nevada Resort Association to fracture and then reconstitute itself, and then have divisions again is probably likely to happen at the national level but, certainly there's common ground that they can try to focus their efforts around.

JLD: [Okay, when] we talk about gaming, we look at the face of how gaming has changed, especially in Las Vegas with the mega-resorts. If, if there were a tax levied on gaming operators, excluded them from paying taxes on their operations in, on Indian reservations because it were a property tax, but it of course would not exclude them from paying on their operations off the reservation. What effect do you think that would have for any planned construction of mega-resorts in Nevada?

BC: It would be most detrimental. I mean, one of the, it's not just simply tax issues, there's a number of other issues, where the cash transaction reporting requirements that are already imposed on Nevada licensees and those of other jurisdictions, are not imposed on the Indian reservations, and it creates a substantial increase in the cost of doing business and, gives a substantial advantage to those who don't comply with it. So there's taxation and there's other issues, and it's most unfair.

JLD: Since the Indian Gaming Regulatory Act was passed, a few years ago, has Nevada, especially the politicians, the so-called representatives, speakers coming out of Nevada. Has their voice changed with regard to Indian Gaming, and if so, what way?

BC: Well, I don't know if their voice has changed, as much as new situations have developed that have called for reaction to the new realities.

JLD: Well, what's the first fear, when it first occurred?

BC: Well, I think there's great fear that the tribes are not going to do an effective job of regulating themselves, and that they're going to be a fertile ground for activities by the criminal element.

JLD: And . . . ? And then what?

BC: {Can't I [garbled with that]} . . . [unintelligible] . . . , uh, concern . . . [[end of tape]]
1. Statement of Senator John McCain (R-Az.) December 8, 1994 with the Arizona Indian Tribes (2 pages).


3. Testimony of Tom Grey, Executive Director, National Coalition Against Legalized Gambling, with attachments
On November 8th, the American People sent a message to the Congress and to the Federal government. That message was less government, less regulation, less bureaucracy, and more local control. I believe this is the same message that I have been hearing from Indian tribes throughout my tenure in the Congress.

The time has come to put the BIA on notice that it must reform itself or have reform imposed by the Congress. The BIA has legitimate functions in the areas of technical assistance and protection of trust assets. The lack of proper management has rendered it incapable of performing these functions. Neither the tribal nor the Federal governments can continue to afford to bear the cost of an agency that tries to be everything to everyone and is failing miserably in its primary mission.

As the incoming Chairman for the Senate Committee on Indian Affairs, I am making my first and foremost objective a critical examination of the programs of the Bureau of Indian Affairs. I have called upon the Government Accounting Office to conduct a top to bottom review of the Bureau of Indian Affairs to determine exactly what it is doing, how it is doing it and how the BIA or other Federal agencies can do it better. I am also planning a series of oversight hearings focusing on the performance of the Bureau of Indian Affairs in a number of areas including the implementation of the Indian Self-Determination Act, Tribal Self-Governance and the 1994 Amendments to both Acts. I will be seeking the views of Indian country on how the Bureau of Indian Affairs can be improved and how we should reorganize the BIA to best serve American Indian people.

Indian tribes have long suffered under the paternalism of Federal bureaucrats. The Bureau of Indian Affairs now ranks as one of the worst Federal agencies in government. Each day we see new reports of waste, fraud, and gross mismanagement of Federal Indian programs.

The BIA financial system is a disaster: Over $2.1 billion in revenues derived from Indian natural resources and placed "in trust" by the Federal government over the last fifty years for Indian people cannot be accurately reconciled. It is estimated that it will cost over $390 million just to reconcile these accounts. In addition, government auditors of BIA financial records have been unable to properly account for over $3.2 billion in BIA assets.

The BIA facilities management system needs a complete overhaul: The Inspector General reports that many BIA schools are in a state of disrepair and are poorly maintained. There are Indian children across this Nation who are today sitting in classrooms in schools that have been "condemned". There are Indian children who are living in BIA dormitories that are classified by the Inspector General as "uninhabitable". These reports are replete with examples of BIA schools with leaking roofs and ceilings, cracked and crumbling walls, and inoperative emergency lighting and equipment.

It has been over seven years since the Congress passed the Indian Self-Determination Act Amendments of 1988 and yet we still have no regulations.

It has been four years since the passage of the Indian Child Protection and Family Violence Prevention Act. The BIA has not requested the funding necessary to implement the law. This indifference is unconscionable and it must stop.

One-half of Indian children under the age of six living on
reservations are living in poverty. There are over 90,000 Indian families who are homeless or living in substandard housing. American Indians still suffer the highest mortality rates for any group in the Nation due to alcoholism, tuberculosis, diabetes, pneumonia and influenza.

The bureaucracy which has been established to deal with these problems is a failure by any measure.

This is not news to Indian people and it is not news to me. In my twelve years in Congress, I have heard many of these grim statistics and I have seen many efforts to reform the Bureau of Indian Affairs. It is not new or novel to suggest that the BIA needs to be reformed. From the first reorganization efforts in 1834 through the 1929 Meriam report to the recommendations of the BIA-Tribal Joint Reorganization Task Force this year, there has been wave upon wave of efforts to reorganize the BIA. What is clear, is that despite the advancements in Federal Indian Policy from the Indian Self-Determination Act to the Tribal Self-Governance Act, little has changed in the Bureau of Indian Affairs.

To those who have repeatedly frustrated efforts to reform the BIA, let me be clear—we mean business. We will use all of the resources at our disposal to bring about real reform.
RESPECTED CLAN MOTHERS OF THE ONEIDA NATION, REVERED ELDERS, AND TRIBAL LEADERS, I GREET YOU TODAY FOR THE FIRST TIME IN MY NEW CAPACITY AS VICE-CHAIRMAN OF THE SENATE COMMITTEE ON INDIAN AFFAIRS. ON BEHALF OF ALL OF THE SEVENTEEN MEMBERS OF THE COMMITTEE, I WELCOME YOU TO WASHINGTON.


WE DO KNOW THIS. LONG BEFORE THE 1994 ELECTIONS, THERE WAS A CONTRACT WITH AMERICA. IT WAS A CONTRACT WITH THE FIRST CITIZENS OF AMERICA.

THE TERMS OF THAT CONTRACT WERE SPELLED OUT IN TREATIES, AND LATER IN PRESIDENTIAL EXECUTIVE ORDERS AND LAWS ENACTED BY THE CONGRESS.

BUT WHILE THE RESPONSIBILITIES AND OBLIGATIONS OF THE SO-CALLED "GREAT WHITE FATHER" WERE CLEARLY DELINEATED, FEW IF ANY OF THESE COMMITMENTS HAVE BEEN FULFILLED IN THE MANNER IN WHICH THEY WERE ORIGINALLY ENVISIONED.

THIS IS THE PART OF OUR HISTORY THAT THOSE OF YOU GATHERED IN THIS ROOM TODAY KNOW ONLY TOO WELL.

OUR CHALLENGE IN THE DAYS AND WEEKS TO COME WILL BE TO MAKE CERTAIN THAT ALL OF THE NEW MEMBERS OF THE CONGRESS ARE EQUIPPED WITH AN UNDERSTANDING OF THIS HISTORY -- HOW AND WHEN IT WAS THAT YOUR SOVEREIGNTY AS NATIONS WAS FIRST RECOGNIZED -- AND THE GOVERNMENTAL STATUS OF RELATIONS WITH THE FEDERAL AND STATE GOVERNMENTS THAT FLOWS FROM THAT STATUS.

THE NEW MEMBERS OF THE CONGRESS MAY NOT REALIZE THAT THE FEDERAL-INDIAN RELATIONSHIP HAS ITS ORIGINS IN THE CONSTITUTION, AND THAT IT WAS AFTER MUCH THOUGHT AND DEBATE, THAT OUR FOUNDING FATHERS VESTED THE AUTHORITY TO CONDUCT COMMERCE WITH THE INDIAN NATIONS, NOT IN THE STATES, BUT IN THE NATIONAL GOVERNMENT.

THESE NEW MEMBERS MAY NOT EVEN KNOW THAT ALMOST EVERY LAW AFFECTING INDIAN COUNTRY THAT HAS BEEN ENACTED, FROM THE EARLIEST DAYS OF OUR HISTORY, IS PREMISED UPON THIS CONSTITUTIONAL RELATIONSHIP.

AND SO, WHEN DISCUSSION AND DEBATE IS HAD IN
TODAY'S CONGRESS ON THE RELATIVE AUTHORITIES AND RESPONSIBILITIES OF THE FEDERAL AND STATE GOVERNMENTS, IT IS CRITICAL THAT THE STATUS AND AUTHORITIES AND RESPONSIBILITIES OF INDIAN TRIBAL GOVERNMENTS UNDER OUR CONSTITUTIONAL FRAMEWORK NOT BE OVERLOOKED.

WHILE THERE ARE SOME OF US IN THE CONGRESS WHO KNOW YOUR HISTORY, THE SOVEREIGNTY OF YOUR GOVERNMENTS, WE WILL NOT BE ABLE TO EDUCATE THE NEWER MEMBERS OF THE CONGRESS WITHOUT YOUR HELP.

IN THE SAME VEIN, AS HAS BEEN OUR PRACTICE IN THE PAST, WE WILL NOT PRESUME TO MAKE DECISIONS FOR YOU, AND WE WILL AWAIT YOUR GUIDANCE.

FOR INSTANCE, IN THIS MOVEMENT TO BLOCK GRANT PROGRAMS AND THE RESPONSIBILITY FOR PROGRAM ADMINISTRATION TO THE STATES, WE WILL FOLLOW YOUR INSTRUCTION.

YET WE KNOW THAT YOU CANNOT MAKE THE NECESSARY DECISIONS WITHOUT INFORMATION UPON WHICH TO BASE THE GUIDANCE THAT I HOPE YOU WILL GIVE TO US.

SO, WE ARE WORKING WITH THE VARIOUS ENTITIES THAT PROVIDE SUPPORT TO THE CONGRESS, SUCH AS THE CONGRESSIONAL RESEARCH SERVICE AND THE GENERAL ACCOUNTING OFFICE, TO DEVELOP A BETTER PICTURE OF HOW EXISTING STATE BLOCK GRANT PROGRAMS WORK, OR DON'T WORK, WHEN IT COMES TO ALLOCATING MONEYS AND PROVIDING SERVICES TO INDIAN COMMUNITIES.

BUT EVEN BEFORE THIS DATA IS AVAILABLE, I WOULD HOPE THAT YOU WOULD TAKE SOME TIME WHILE YOU ARE HERE THIS WEEK TO MEET WITH THE MEMBERS OF YOUR RESPECTIVE CONGRESSIONAL DELEGATIONS AND THEIR STAFFS -- AND THAT YOU WILL IMPRESS UPON THEM THE NEED TO HAVE THE ADMINISTRATION OF FEDERAL PROGRAMS BY TRIBAL GOVERNMENTS ADDRESSED SEPARATELY FROM THE BLOCK GRANT OF FUNDS AND PROGRAMS TO THE STATES.

FEW NEW MEMBERS OF THE CONGRESS, I SUSPECT, KNOW OF SELF-DETERMINATION CONTRACTS OR SELF-GOVERNANCE COMPACTS.

BUT I WOULD THINK THAT THESE ARE THE MODELS OF FEDERAL-INDIAN PROGRAM ADMINISTRATION THAT WE WOULD WANT TO HAVE THEM CONSIDER.

IN OTHER WORDS, THERE ARE MECHANISMS IN PLACE. THE FEDERAL GOVERNMENT HAS HAD TWENTY YEARS OF EXPERIENCE WITH THE ADMINISTRATION OF FEDERAL PROGRAMS BY TRIBAL GOVERNMENTS.

THERE IS A TRACK RECORD OF A RELATIONSHIP THAT HAS, FOR THE MOST PART, PROVEN TO BE BOTH EFFICIENT AND EFFECTIVE.

THE FUNDS THAT WOULD OTHERWISE GO TO THE STATES, UNDER THE BLOCK GRANT APPROACH, TO SERVE TRIBAL COMMUNITIES, OUGHT TO BE MADE AVAILABLE DIRECTLY TO TRIBAL GOVERNMENTS.

WE CAN DETERMINE WHETHER SET-ASIDES, PERCENTAGE ALLOCATIONS, SPECIAL SECRETARIAL FUNDS, FORMULAS, OR SOME OTHER MANNER OF IDENTIFYING FUNDS FOR INDIAN COUNTRY IS THE BEST APPROACH ON A PROGRAM-BY-PROGRAM BASIS.

BUT LET US NOT STRIP TRIBAL GOVERNMENTS OF ONE OF THE FUNDAMENTAL ASPECTS OF THEIR SOVEREIGNTY -- THE ABILITY TO PROVIDE BASIC GOVERNMENTAL PROGRAMS AND SERVICES TO THEIR CITIZENS AND TO OTHER RESIDENTS OF RESERVATION COMMUNITIES.
WE MAY NOT BE ABLE TO ACHIEVE THIS FOR EVERY PROGRAM.

SOME PROGRAM FUNDS, AS YOU KNOW, ARE DISTRIBUTED ON THE BASIS OF A FORMULA.

OFTEN, THE FORMULA IS BASED UPON POPULATION, AND INDIAN PEOPLE ARE COUNTED FOR PURPOSES OF SUBMITTING A TOTAL SERVICE POPULATION FIGURE.

THE STATES RECEIVE THE FUNDING ON THE BASIS OF THAT TOTAL POPULATION FIGURE THAT THEY SUBMIT TO THE FEDERAL GOVERNMENT, SUCH AS THE FUNDING FOR THE AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM.

WHAT WE MUST ASSURE IS ACCOUNTABILITY FOR THAT PORTION OF THE FUNDING THAT IS SUPPOSED TO PROVIDE ASSISTANCE TO ELIGIBLE INDIAN PEOPLE.

IF THERE IS A PATTERN OF DISCRIMINATION IN THE ALLOCATION OF FUNDS TO INDIAN COMMUNITIES, WE MUST DOCUMENT IT.

THERE IS ANOTHER IMPORTANT POINT THAT SIMPLY CANNOT BE LOST IN THIS DEBATE.

INDIAN PEOPLE MAY REPRESENT APPROXIMATELY ONE PERCENT OF THE TOTAL UNITED STATES POPULATION, BUT WHEN IT COMES TO PROGRAMS THAT ARE BASED UPON NEED, INDIAN PEOPLE MAY REPRESENT A FAR GREATER PERCENTAGE OF THE POPULATION THAT IS SERVED BY A PARTICULAR PROGRAM.

WE CANNOT ALLOW INDIAN COUNTRY TO BE LOST IN A GAME OF NUMBERS AND FORMULAS, WITHOUT LOOKING AT EACH PROGRAM AND THOSE IT WAS DESIGNED TO SERVE.

FOR INSTANCE, TIME AND AGAIN, WE HAVE BEEN TOLD THAT THE INDIAN POPULATION IS THE FASTEST GROWING POPULATION IN THE UNITED STATES, AND THAT OVER FIFTY PERCENT OF THE INDIAN POPULATION IS UNDER THE AGE OF EIGHTEEN.

IF THAT IS SO, THEN INDIAN YOUTH WILL MAKE UP A LARGER PROPORTION OF THE ELIGIBLE POPULATION FOR PROGRAMS THAT ARE DESIGNED TO ADDRESS THE NEEDS OF YOUNG PEOPLE.

ANOTHER UNIQUE ASPECT OF INDIAN COUNTRY WILL NEED TO BE CONSIDERED AS PROPOSALS FOR REINVENTING AND STREAM-LINING THE FEDERAL GOVERNMENT ARE ADVANCED.

THIS IS THE RE-SHAPING OF FEDERAL AGENCIES BASED UPON SELF-DETERMINATION CONTRACTING AND SELF-GOVERNANCE COMPACTS.

TWENTY YEARS AGO, WHEN THE INDIAN SELF-DETERMINATION ACT WAS ENACTED, IT WAS PROJECTED THAT THE FEDERAL AGENCIES THAT ADMINISTERED INDIAN PROGRAMS WOULD SHRINK DRAMATICALLY IN SIZE.

OF COURSE, HISTORY HAS PROVEN THIS PROJECTION WRONG.

BUT IN 1995, I THINK IT IS CLEAR, THAT THE LEADERS OF TRIBAL GOVERNMENTS AS WELL AS THE CITIZENS OF INDIAN NATIONS WANT TO HAVE A DECISIVE ROLE IN RE-SHAPING THE AGENCIES WITH WHICH THEY DO BUSINESS -- EVEN IF IT ENTAILS DOWN-SIZING AND A REDUCTION IN THE NUMBERS OF FEDERAL EMPLOYEES.

YOU HAVE MADE CLEAR YOUR DESIRE FOR SOMETHING MORE THAN CONSULTATION WHEN IT COMES TO REVAMPING THE BUREAU OF INDIAN AFFAIRS, AND I KNOW THAT I SPEAK FOR CHAIRMAN MCCAIN WHEN I SAY THAT WE FULLY SUPPORT YOU IN ACHIEVING THAT OBJECTIVE.

THE SOUTHERN AND EASTERN TRIBES HAVE A UNIQUE RELATIONSHIP WITH THE AREA OFFICES OF THE B.I.A. AND
THE INDIAN HEALTH SERVICE.

SOME OBSERVERS HAVE NOTED THAT THERE IS FAR LESS FEDERAL BUREAUCRATIC INVOLVEMENT IN THE DAILY LIVES OF THE MEMBERS OF THE SOUTHERN AND EASTERN TRIBES.

THIS MAY BE THE MODEL THAT OTHERS IN INDIAN COUNTRY MAY WANT TO HAVE REFLECTED IN THEIR DEALINGS WITH THESE AGENCIES.

ACCORDINGLY, IN CHAIRMAN McCAIN'S REQUEST OF THE GENERAL ACCOUNTING OFFICE TO CONDUCT A "TOP TO BOTTOM" REVIEW OF THE BUREAU OF INDIAN AFFAIRS, WE HAVE ASKED THE G.A.O. TO EXAMINE THE RELATIONSHIPS YOU HAVE WITH THESE AGENCIES AND COMPARE THEM WITH OTHERS IN INDIAN COUNTRY.

FINALLY, BEFORE I LEAVE YOU TODAY, I WANT TO TAKE THIS OPPORTUNITY TO THANK YOU FOR THE SUPPORT YOU HAVE GIVEN TO THE COMMITTEE, AND TO ME PERSONALLY, OVER THE PAST EIGHT YEARS.

YOU HAVE MADE MY SERVICE AS CHAIRMAN OF THE COMMITTEE ON INDIAN AFFAIRS A REWARDING EXPERIENCE.

YOU HAVE EDUCATED ME, AND I HOPE THAT I HAVE REFLECTED, IN MY EFFORTS TO SERVE YOU, SOME OF WHAT YOU HAVE TAUGHT ME.

OUR WORK IS FAR FROM OVER, BUT WORKING TOGETHER, I BELIEVE WE HAVE BUILT AN IMPRESSIVE RECORD THAT WILL SERVE AS A STRONG FOUNDATION FOR OUR EFFORTS TODAY AND IN THE FUTURE.
Chairman Hyde and distinguished Members of the Committee:

A battle is raging across our country. Ambitious gambling promoters have been invited into our communities by some state and local officials under the guise of prosperity, economic development, jobs, and a painless new source of government revenue.

Armed with unlimited capital and hidden political connections, these gambling promoters insist that gambling is productive, that it meets the desires of the public, and that the growth of gambling throughout America is inevitable. They pledge that by the year 2000, every American will live within a two-hour drive of a gambling casino.

Ladies and gentlemen, these gambling interests are wrong.

The recent, rapid spread of gambling was never the result of a popular movement. Rather, it was driven by self-interested gambling pitchmen with money, high-priced lobbyists, and pie-in-the-sky promises. Cash-starved municipalities and legislatures, eager for a way to increase revenue while avoiding voter backlash, were vulnerable to the prospect of something-for-nothing.

Individual citizens questioned whether this "free lunch" program could rationally achieve its promise. And as the guarantees of economic prosperity evaporated, state and local groups spontaneously sprang up across the nation to oppose the further spread of gambling. In 1994, these varied citizen groups created the National Coalition Against Legalized Gambling (NCALG).
Testimony of Tom Grey

What is the National Coalition Against Legalized Gambling

NCALG is a grassroots movement. Our members span the entire political spectrum from conservative to liberal. Our coalition encompasses both business and labor, both religious and secular, with concerned citizens in every state.

Our arguments against the expansion of legalized gambling are based on public policy, sound economics, and quality of life within our communities, not on personal morality.

I have attached to my written testimony references to objective, academic studies showing that the expansion of gambling is bad for families and businesses. These studies show that:

- gambling enterprises cost more jobs than they create;
- gambling misdirects prudent government investment away from sound economic development strategies;
- gambling sucks revenues from local economies;
- gambling establishments tend to attract crime; and
- gambling addiction destroys individuals, undermines families, and weakens our business community.

If the members of NCALG were to base our opposition to gambling on personal morality, we would lose in the political arena. After all, a majority of Americans gamble. But because our arguments are based on cold, hard facts, our organization and its affiliates have consistently beaten the gambling interests on ballot questions and in state legislatures over the past year — winning fifteen major battles and only narrowly losing the remaining two.

Turning the political tide

In November 1994, the issue of gambling was on more state ballots than any other issue. Of ten statewide referenda, NCALG won six at the ballot box (Colorado, Florida, Minnesota, Oklahoma, Rhode Island and Wyoming) and two in the courts (Arkansas and New Mexico). Most of our victories were by landslide margins.

After their November debacle, the casino companies targeted legislatures in seven states. But this year we completely shut them out. The casinos lost major battles in Alabama, Illinois, Maryland, Pennsylvania, Texas, Virginia and West Virginia.
Testimony of Tom Grey

Virginia illustrates the dynamics of the current gambling debate. In Richmond this year, over a dozen casino companies pushed to legalize riverboat gambling. They hired more than 50 lobbyists, bought newspaper ads, and even aired television commercials. While the casinos spent over $800,000 on direct lobbying in Richmond and millions more on indirect lobbying across the state, thousands of citizens, armed with the facts, mobilized at the grassroots level against the casinos. When the smoke cleared, the gambling bill was crushed in committee.

The political tide has turned. What had been forecast as inevitable has now become undesirable. But why?

The tide turned not simply because all of the major conservative Christian groups oppose the expansion of gambling, although they do. It is not simply because mainline churches — liberal, conservative and moderate — are almost universally opposed to more gambling, although they are. Resistance to government-sponsored gambling is growing because voters from every walk of life recognize that legalized gambling is, based on the facts, poor public policy.

**Gambling feeds voter cynicism**

For the past three years, I have traveled across the nation and talked to countless thousands of Americans about this issue. You know that voters are angry and cynical about government. Let me tell you, the expansion of legalized gambling has fed that anger and cynicism.

To many Americans, government's promotion of gambling is a cop-out and a double-cross. We see public officials sacrificing our communities to a predatory enterprise — for money. Citizens see government living off gambling profits, taken from the poorest and weakest of our citizens, instead of facing up to rational choices regarding budgets and taxes.

We see massive amounts of money pumped into pro-gambling lobbying efforts. Public officials have been answering to these outside monied interests while ignoring the voices of their own constituents. This leaves citizens to wonder who government really represents.

Worse, people see scandals like the one unfolding in Louisiana, where lawmakers are being investigated for taking bribes from gambling promoters. The payoff was made not merely to usher in gambling, but to prevent a voters' referendum to keep gambling out.
Testimony of Tom Grey

When the right of the people to be heard is bought and sold, we become convinced that the bedrock foundation of democracy — a government of the people — is under attack.

Now, I believe strongly in democracy. I fought for it as an infantry Captain in Vietnam, and I continue to protect it as an active member of the Army Reserve. But in order for democracy to work, you as elected officials have to win back the trust of average citizens. And you can start here.

Enact H.R. 497

H.R. 497 is a very modest measure. Twenty years ago — when the contagion of casino gambling was quarantined to two geographic areas — a federal commission conducted a study of legalized gambling. An enormous amount has changed since then — the contagion has spread. It's time for a fresh inquiry.

The National Coalition Against Legalized Gambling supports H.R. 497, as well as S. 704, because we believe that a national study will allow citizens to make an informed decision about the expansion of gambling in America.

And frankly, we are astonished by the opposition to this bill by the American Gaming Association. If they believe that the spread of gambling enhances our national economy, then what is it about an objective study that makes them afraid?

When everyone is fully informed, we're glad to let this issue be decided the good, old-fashioned American way, at the ballot box.

Mr. Chairman, thank you.
LEGALIZED GAMBLING
HAS RAPIDLY EXPANDED

With gross revenues now exceeding $30 billion per year, legalized gambling is one of the fastest growing industries in the United States.

High-stakes gambling used to be largely confined to Nevada and Atlantic City, New Jersey. But just since 1988, 19 new states have legalized commercial gambling casinos. There are now over 500 legal casinos in the U.S., more than double the number there were five years ago. Ten states have recently legalized video slot and/or poker machines at racetracks and literally thousands of bars. Altogether, 48 states now permit some type of legal gambling.

One could say that gambling has become the new national pastime. In 1993, Americans made more trips to casinos than they did to Major League ballparks. If the trend continues (as the gambling industry expects), by the year 2000 there will be a casino within a 3-4 hour drive of nearly every person in the country.

Gambling interests are pushing for expansion.

Right now, gambling interests are pushing for expansion. During the next fourteen months, it is expected that:

- The casino companies will propose state legislation to legalize or expand casino gambling in Alabama, Alaska, Arkansas, California, Colorado, Florida, Hawaii, Illinois, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Mexico, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Virginia, West Virginia, Wisconsin and the District of Columbia.

- The gambling entrepreneurs will try to legalize interactive gambling on cable television and/or on the Internet, so everyone can wager from their homes.

- The gambling enterprise, in an effort to influence federal and state legislation, will become one of the biggest contributors to political campaigns in the nation.

The pro-gambling initiatives must be stopped before our nation's economy, and its social fabric, are irreparably harmed.
MAJOR STATE BATTLES
OVER GAMBLING, 1994-95

Alabama - Legislation in the state legislature to authorize eight land-based casinos and a state lottery was killed.

Arizona - The Governor announced that he would not negotiate any more Indian compacts.

Arkansas - In 1994, casino gambling proponents tried to petition two amendments on to the ballot but they were struck down by the state’s highest court.

California - A pro-gambling group in Palm Springs hopes to spend $10 million on a petition drive next year to amend the state constitution to legalize ten Nevada-style casinos around the state.

Colorado - In 1994, anti-gambling forces, by the landslide margin of 92% to 8%, defeated an initiative referendum which sought to allow slot machines at Colorado airports and allow casinos in the town of Manitou Springs.

Connecticut - In October 1995, state legislators will meet in a special session to decide whether to authorize a casino in Bridgeport.

Florida - The casino industry suffered its biggest defeat of 1994 after spending over $16 million on a statewide referendum designed to legalize at least 47 casinos. The referendum lost 62% to 38%. Recently, the state Supreme Court approved a constitutional amendment called “Florida Locally Approved Gaming” or “FLAG,” backed by Bally’s casinos, which could be placed on the 1996 ballot.

Hawaii - In the 1995 legislature, there were numerous bills to legalize all types of gambling. All were defeated.

Illinois - Casino advocates have tried since 1992 to legalize a complex of five dockside casinos in Chicago, with five more boats elsewhere. Once again in 1995, the pro-casino bills have been blocked in the state legislature.

Indiana - Riverboat casinos are scheduled to open this year.

Kansas - In the 1995 legislature, a bill to reauthorize the state Lottery was amended in the House to provide slot machines at dog tracks. However, the Senate would not concur with the slot machine amendment and it was stripped from the final bill.
Major State Battles Over Gambling, 1994-95

**Maryland** - In the 1995 session of the General Assembly, the gambling industry proposed five bills to legalize riverboat, dockside and/or land-based casino gambling. These bills were defeated in committee.

**Michigan** - Governor John Engler announced that he opposed off-reservation Indian casinos.

**Minnesota** - In 1994, a referendum intended to legalize video poker machines was defeated.

**Missouri** - In April 1994, the casino advocates lost a referendum to legalize "games of chance" by 1,261 votes out of more than a million cast. The same referendum was placed on the November ballot and won by 54% to 46% after the casino industry outspent their opponents by $7 million to $90,000.

**Nebraska** - 1995 legislation to permit video gambling machines in restaurants and bars was defeated in the Unicameral.

**New Mexico** - The gambling industry won a November 1994 referendum 54% to 46% to establish a statewide lottery and permit video poker machines. The results were overturned by the state's highest court because the referendum violated the constitution's one-subject rule. The court has also invalidated a series of Indian casino compacts signed by the Governor.

**New York** - The state legislature approved a constitutional amendment in the 1995 session to legalize casinos in upstate New York. The measure has to pass the legislature again next year and then be approved by the voters in November 1997 in order to take effect. The legislature also legalized the "Quick Draw" Keno game, to be administered by the lottery commission. However, the new Keno law is being challenged in court.

**Ohio** - Governor George Voinovich announced that he strongly opposes the legalization of casinos.

**Oklahoma** - In 1994, a referendum to establish a regular state lottery was defeated.

**Pennsylvania** - Legislation to legalize up to 25 riverboat casinos was stopped when Governor Tom Ridge has pledged not to approve casinos without a statewide referendum.
Major State Battles Over Gambling, 1994-95

Rhode Island - In a statewide referendum in November 1994, voters rejected slot machines at the state's pari-mutuel facilities. On the local level, five townships held referenda and voted down casinos proposed for their jurisdictions.

South Carolina - In November 1994, 30 counties approved and 8 counties disapproved video slot machine gambling.

South Dakota - After state courts ruled video gambling machines unconstitutional, a November 1994 constitutional referendum reauthorized those machines by a margin of 53% to 47%. Gambling opponents have filed to petition this issue back onto the ballot in November 1996.

Texas - In 1995, the state legislature defeated legislation to legalize casinos.

Vermont - In May 1995, the citizens of Bennington defeated a referendum for casino gambling by a margin of only 56 votes. The Governor was among those who opposed the casinos.

Virginia - In 1995, the gambling industry hired over 50 lobbyists and spent millions of dollars lobbying for riverboat casinos. They were crushed in committee.

Washington - There is a referendum on the 1995 ballot to allow wide-open Indian casinos.

West Virginia - In 1995, the casino industry tried and failed to pass legislation legalizing riverboat gambling.

Wisconsin - In April 1995, a referendum to permit a statewide sports lottery was defeated 64% to 36%.

Wyoming - In 1994, a referendum to legalize video poker machines was defeated 69% to 31%.
The expansion of legalized gambling is a major threat to business in the United States. The gambling enterprise cannibalizes existing businesses, stealing their customers and revenues. At the same time, gambling establishments bring new social costs that are inevitably paid by business.

**Cannibalization in Atlantic City:**

In Atlantic City, casinos were legalized in 1976. Four years later, the number of retail businesses in the city had declined by one-third. The number of restaurants in Atlantic City declined from 243 in 1977, the year after casinos were legalized, to 146 in 1987. Only about 10% of the businesses nearest to the casino locations in 1976 are still open today. Instead, just off the beach, there are dozens of pawn shops for losing gamblers to sell their jewelry for cash.

**Cannibalization in Minnesota:**

In Minnesota, where Indian casinos are found across the state, restaurant business has fallen by 20% to 50% within a 30-mile radius of casinos with food service.

**Cannibalization in South Dakota:**

A study conducted for the State of South Dakota found that, after casino gambling was legalized in 1989 within the town of Deadwood, business declined significantly at nearby restaurants, clothing stores, recreation services, business services, and auto dealers. Within two years, legalized gambling constituted one of the leading causes of business and personal bankruptcies among South Dakota residents.

**Gambling leads to lower employee productivity:**

According to professor John Warren Kindt: "Traditional businesses in communities which initiate legalized gambling activities can anticipate increased personnel costs due to increased job absenteeism and declining productivity. The best blue-collar and white-collar workers, Type-A personalities, are the most likely to become pathological gamblers. A business with 1,000 workers can anticipate increased personnel costs of $500,000 or more per year - simply by having various forms of legalized gambling activities accessible to its workers."
What the experts say: Gambling revenues come at the expense of business.

"People will spend a tremendous amount of money in casinos, money that they would normally spend on buying a refrigerator or a new car. Local businesses will suffer because they'll lose customer dollars to the casinos." Donald Trump, casino owner, told to the Miami Herald.

"The riverboats don't necessarily stimulate demand for entertainment; they replace something else...$100 slipped into a slot machine is $100 that won't be spent on dining out or a movie, not money that would have gone into a savings account." Margo Vigrola, Entertainment Analyst for Salomon Brothers.

"New gambling ventures have negative effects on existing economies, many of which are already very fragile, by diverting a huge portion of discretionary consumer dollars. This process of cannibalization is most pronounced in the restaurant and entertainment industries, movie theaters and sports events, but it is also felt in other sectors of the economy such as clothing and furniture sales." Professor Robert Goodman, author of the United States Gambling Study, sponsored by the Ford Foundation.

"Get it straight...there is no reason on earth for any of you to expect for more than one second that just because there are people here, they're going to run into your store, or restaurant, or bar...It is illogical to expect that people who won't come to Bridgeport and go to your restaurant or your store today will go to your restaurants and stores just because we happen to build this [casino] here." Steve Wynn, casino owner, told to small businessmen in Connecticut.
Gambling establishments attract crime

Last year when their state was considering legalized casino gambling, the Florida Department of Law Enforcement, Florida Sheriffs Association and Florida Police Chiefs Association issued a joint report which concluded, "Casino gambling will mean...that crime rates will go up. It means the community will see—and have to confront—more vagrants, prostitutes, domestic violence, and gambling addiction. It means our communities will be less safe and secure." Why that conclusion?

Gambling attracts street criminals:

Violent criminals target the patrons of gambling establishments, because they tend to carry cash. Loan sharks and prostitutes follow gambling, and do a brisk business.

Pathological gamblers feed their addiction:

The American Insurance Institute estimates that 40% of all white-collar crime is caused by those who have serious gambling problems. Pathological gamblers tend to engage in forgery, theft, embezzlement and property crimes to pay off gambling debts. They are responsible for an estimated $1.3 billion worth of insurance-related fraud per year.

Organized crime infiltrates legal gambling:

According to a study by the Better Government Association of Chicago, "Law enforcement officials agree that the mob usually infiltrates ancillary services to the casinos. New Jersey law enforcement officials believe that organized crime has infiltrated legitimate businesses such as those which provide the casinos with ancillary services including limousines, linen, meat, and vending machines." The investigation and prosecution of John Gotti uncovered some of the mob's casino-related enterprises.

State and local governments pay the price for this crime:

Increased crime costs state and local governments not only the salaries of more police officers, but prosecutors, judges, court personnel, court facilities, and prisons. The State of Florida's Office of Planning and Budgeting estimated that if casinos were legalized "incarceration and supervision costs alone for problem gambler criminal incidents could cost Florida residents $6.08 billion. And that doesn't even begin to count the costs to the victims of crime.
Gambling Establishments Attract Crime

Increased crime in Atlantic City.

In the first three years of legalized casino gambling in Atlantic City, that city went from 50th in the country in per capita crime to 1st. Atlantic City’s crime rate rose an incredible 230% during those three years, even though the city’s population decreased 20% during the same period. A dozen years after casino gambling began, the city’s police budget had tripled.

Increased crime in South Dakota.

Casino gambling was legalized in Deadwood, South Dakota in late 1989. The local state’s attorney reported that, after three years: felony crimes increased by 40%, child abuse was up 42%, domestic violence and assaults rose 80%. Police costs doubled.

Increased crime in Mississippi.

According to the Chief of Police in Gulfport Mississippi, just one year after casinos opened, rape and robbery tripled while burglary, larceny and car theft doubled. Similarly, the Sheriff of Hancock County reported that burglaries doubled, and auto theft, assaults and larceny nearly tripled 1½ years after casinos opened in his county.

<table>
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<tr>
<th>Crime Category</th>
<th>Atlantic City</th>
<th>Nation</th>
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<tbody>
<tr>
<td>All Crimes (FBI Index)</td>
<td>230%</td>
<td>15%</td>
</tr>
<tr>
<td>Assault</td>
<td>316%</td>
<td>97%</td>
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<tr>
<td>Larceny</td>
<td>451%</td>
<td>35%</td>
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<tr>
<td>Robbery</td>
<td>159%</td>
<td>55%</td>
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<tr>
<td>Rape</td>
<td>156%</td>
<td>62%</td>
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</table>
Legalized gambling triggers addiction:

Legalized gambling triggers the mental disorder of pathological (or "compulsive") gambling. Pathological gambling destroys the lives of thousands of Americans and devastates their families, friends and employers. The most common argument in favor of gambling expansion is that it will yield government revenues which can be used for programs to "help" people. But helping some people by exploiting and destroying others is bad social policy, and simply unethical.

It is important to understand that gambling addition is just as real, and its consequences just as tragic, as alcohol or drug addiction. The American Psychiatric Association recognizes pathological gambling as a diagnosable mental disorder. The self-help organization Gamblers Anonymous has more than 650 chapters and is growing rapidly.

Individuals who become gambling addicts accumulate debts averaging $35,000-$92,000 before they seek treatment, are arrested, or commit suicide. Family savings are lost, marriages end, children go unsupported. A majority of pathological gamblers turn to some form of crime to support their addition.

Direct link to accessibility and acceptability:

Experts on pathological gambling believe that the prevalence rate of this disorder is linked to the accessibility and acceptability of gambling. In short, the more legalized gambling a state makes available, the more pathological behavior is triggered. And fast-paced gambling that maximizes the number of wagering opportunities (like casinos and video gambling machines), also maximizes gambling addiction.

In Atlantic City, for example, after pathological gamblers lose all their cash, empty their ATM accounts from teller machines inside the casinos, and can borrow no more, they walk outside the casinos to sell their jewelry and other valuables. Selling jewelry is such a big business in Atlantic City that there are dozens of "Cash for Gold" stores along Pacific Avenue, near the entrances to the Boardwalk casinos.

Any expansion of legalized gambling is likely to trigger thousands of new victims of gambling disorders. For example, in a state like Maryland, if ten casinos are built around the state (as proposed), it is estimated that as many as 50,000 residents will become pathological gamblers. And the problems of each of those pathological gamblers will harm many others, especially spouses and children.
Gambling is Bad for Families

Creating a generation of problem gamblers

Researchers now call gambling the fastest growing teenage addiction, with the rate of pathological gambling among high school and college-age youth about twice that of adults. According to Howard J. Shaffer, Director of the Harvard Medical School Center for Addiction Studies, "There is an emerging body of evidence suggesting that illicit gambling among young people is increasing at a rate at least proportional to the opportunity to gamble legally." R. Goodman, Legalized Gambling as a Strategy for Economic Development, 1994.

For example, despite laws in Atlantic City restricting the casinos to persons twenty-one years or over, a survey of teenagers at Atlantic City High School revealed 64% of the teenagers had gambled in a casino. In 1991, Atlantic City casino security ejected over 21,000 persons under 21 from casinos, and prevented nearly 200,000 others from entering.

Survey of Teens from Atlantic City High School On Gambling in the Local Casinos

<table>
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<tr>
<th>Activity</th>
<th>Percentage</th>
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<tr>
<td>Had gambled in a local casino</td>
<td>64%</td>
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<tr>
<td>Visited the casinos more than</td>
<td>21%</td>
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<tr>
<td>10 times</td>
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<tr>
<td>Gambled at least once a week</td>
<td>9%</td>
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<tr>
<td>Gambled in the casinos before</td>
<td>40%</td>
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<tr>
<td>age 14</td>
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</table>
MAJOR STUDIES AND REPORTS ON GAMBLING


Florida Department of Commerce, CASINOS A BAD BET FOR FLORIDA, September 19, 1994.


Robert Fuesel, ANALYSIS OF KEY ISSUES INVOLVED IN THE PROPOSED CHICAGO CASINO GAMBLING PROJECT, Chicago Crime Commission.


Illinois State Police, HOW CASINO GAMBLING AFFECTS LAW ENFORCEMENT, Division of Criminal Investigation, Intelligence Bureau.


Major Studies and Reports on Gambling

Valerie C. Lorenz, Ph.D., GAMBLING AND COMPULSIVE GAMBLING, Compulsive Gambling Center, Inc.

Maryland Task Force on Gambling Addiction, FINAL REPORT, Department of Health and Mental Hygiene, Alcohol and Drug Abuse Administration, December 1990.


APPENDIX V

1. National Indian Gaming Commission Summary on rule making actions, inviting public participation (1 page).

2. H.R. 497 Digest and sponsors (3 pages)

NATIONAL INDIAN GAMING COMMISSION

25 CFR Ch. III

Semiannual Regulatory Agenda

AGENCY: National Indian Gaming Commission.

ACTION: Semiannual regulatory agenda.

SUMMARY: The National Indian Gaming Commission is today publishing an agenda of its open and anticipated rulemaking actions. The agenda is a general announcement to the public intended to provide notice of rulemaking actions in which the public may wish to participate. The Commission intends to issue Notices of Proposed Rulemaking for rules concerning definitions and practice before the Commission in June 1996; rules concerning hearings and appeals procedure in July 1996; and rules concerning enforcement in August 1996. The Commission invites questions and public comment on individual agenda items.


SUPPLEMENTARY INFORMATION: In accordance with Executive Order 12866 "Regulatory Planning and Review" and the Regulatory Flexibility Act, 5 U.S.C. 605, executive agencies are required to publish semiannual regulatory agendas in the Federal Register in April and October of each year.

The regulations being considered by the Commission are not "significant" rules within the meaning of E.O. 12866, and no regulatory impact analysis is required. The Commission also has determined, under the Regulatory Flexibility Act, that the regulations under consideration will not have a significant economic impact on a substantial number of small entities. Accordingly, no Regulatory Flexibility Analysis is required.

Harold A. Monteau,
Chairman, National Indian Gaming Commission.

For more information about Federal regulatory and deregulatory activities under development, see the Unified Agenda home page
H.R.497

PUBLIC LAW: 104-169, (became law 08/03/96)

SPONSOR: Rep. Wolf, (introduced 01/11/95)

MAJOR LEGISLATION

DIGEST:

(REVISED AS OF 07/17/96 -- Passed Senate, amended)

National Gambling Impact Study Commission Act - Establishes the National Gambling Impact Study Commission to conduct a comprehensive legal and factual study of the social and economic impacts of gambling in the United States on: (1) Federal, State, local, and Native American tribal governments; and (2) communities and social institutions generally, including individuals, families, and businesses within such communities and institutions. Mandates a report to the President, the Congress, State Governors, and Native American tribal governments. Requires the Commission to contract with the Advisory Commission on Intergovernmental Relations and the National Research Council of the National Academy of Sciences for assistance with the study. Authorizes appropriations.
H.R. 497

PUBLIC LAW: 104-169, (became law 08/03/96)

SPONSOR: Rep Wolf, (introduced 01/11/95)

MAJOR LEGISLATION

143 COSPONSORS:

<p>| Rep LaFalce - 01/31/95 | Rep Davis - 01/31/95 |
| Rep Norton - 01/31/95 | Rep Upton - 01/31/95 |
| Rep Livingston - 01/31/95 | Rep Stearns - 01/31/95 |
| Rep Pickett - 01/31/95 | Rep Shays - 01/31/95 |
| Rep Roemer - 01/31/95 | Rep Packard - 02/27/95 |
| Rep Hall, T. - 02/27/95 | Rep McKeon - 02/27/95 |
| Rep Wicker - 02/27/95 | Rep Beilenson - 03/10/95 |
| Rep Gutknecht - 03/22/95 | Rep Geren - 03/22/95 |
| Rep Waldholtz - 03/22/95 | Rep Calvert - 04/05/95 |
| Rep Saxton - 05/02/95 (withdrawn - 09/28/95) | Rep Cheney - 05/02/95 |
| Rep Manzullo - 05/02/95 | Rep Goodlatte - 05/02/95 |
| Rep Herger - 05/22/95 | Rep Stenholm - 05/22/95 |
| Rep Browder - 05/22/95 | Rep Stockman - 05/22/95 |
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| Rep Searstrad - 05/22/95 | Rep Hoekstra - 05/22/95 |
| Rep Canady - 06/07/95 | Rep Baker, R. - 06/07/95 |
| Rep Green - 06/07/95 | Rep Bateman - 06/07/95 |
| Rep Hutchinson - 06/07/95 | Rep Shaw - 06/07/95 |
| Rep Zeliff - 06/16/95 | Rep Walsh - 06/16/95 |
| Rep Brownback - 06/16/95 | Rep Hamilton - 06/16/95 |
| Rep Bryant, J. - 06/30/95 | Rep Engel - 08/02/95 |
| Rep Ortien - 08/02/95 | Rep Dickev - 08/02/95 |
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| Rep Portman - 10/12/95 | Rep Horn - 10/12/95 |
| Rep Castle - 10/12/95 | Rep Miller, G. - 10/12/95 |</p>
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<td>Rep Quinn</td>
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October 27, 1995

REPRESENTATIVE FRANK WOLF - United States Congressman from Virginia

"The National Gambling Impact and Policy Commission Act"

Some have said that if you got all the speakers in the world and laid them end to end, you would just leave them that way. And I hope you don't feel that way when I am finished.

I am impressed and somewhat awed by the panel that you've had today and are going to have tomorrow. I sort of feel like a pre-med student at a meeting with a lot of senior medical research people. But I hope I can say some things that will make a difference and will be helpful to this effort.

I secondly want to pay tribute to those of you who are active in this effort because it is an important effort. I know you're not making a lot of money by being active and for that I want you to know that I appreciate it because you are making a difference. We can feel the difference now in Washington. You can feel it percolating, bubbling up over the last one and two and three months.

As you know, I along with some others, we have a bill in congress that we are going to pass. Not just a bill, but a bill that we are going to pass, that sets up a national commission to study the impact of gambling to help us focus; so that when a community or state is thinking of doing this, they have a place to go for objectives and not studies done by the gambling interests. We now have 96 co-sponsors in the house. It is a bi-partisan effort, Republican and Democrat, liberal and conservative.

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An example is two of the co-sponsors on the bill. One is Tom Diday, the Republican Whip and the other is Dave Bonure, the Democratic Whip. It is a totally and completely bi-partisan issue. We have had hearings before the House Judiciary Committee held by Henry Hyde. Several weeks ago Tom Grey from your group was there and others were there to testify, and Congressman Hyde has promised that he will mark up the bill, get the bill to the floor whereby we can pass it.

Very briefly, it's not a complicated commission. It would be set up along the lines of the National Commission on Pornography that was set up by President Reagan several years ago. There would be three [committee members] appointed by the President, three by the majority leader and three by the Speaker of the House. These appointments are very important and I'm confident that these people will appoint the right people and we will watch very carefully who they appoint to make sure that they're not too controlled by any one interest.

I might say, the national commission would go out and hold hearings around the country, [it] would make reports. It would have subpoena power whereby it could find a number of the issues [for which] the information is not available. They will look into Indian gambling, they will look into lotteries. They will look into the impact of gambling with regard to corruption, with regard to addiction, with regard to teenage problems and with regard to many, many other things.

As I talk to most members of congress and ask them for co-sponsorship, I come up with two different reactions. Almost no one is opposed to the bill except - I don't mean in the congress- except for the delegation from Nevada and several from New Jersey.

Secondly, I find that the ones that aren't really sure at first really don't know that much about it and are anxious and would be anxious to hear from you. And I'm going to talk a little bit about what I would hope and ask that you do as you leave this convention next week, and the week after, with regard to co-sponsorships and building up information whereby this can pass.

How did I get interested in this? I was raised in Philadelphia. As the M.C. said, I now have the good fortune [to represent] the northern Virginia area down into the Shannondoch Valley, Skyline Drive, Blue Ridge Mountains. some of the more- - I would say- - historic. and I think beautiful, areas of the
country. But as a young boy, my mom and dad would take me down to Atlantic City before they had gambling and we would spend the weekend at

Atlantic City. And I kind of watched the city and watched what happened. And then went back and saw...and we know, all you have to do is go and look and see what’s happened in Atlantic City. There are no theaters in Atlantic City any more. The number of restaurants that have gone out of business, the hardship that has hit this city. And yet, when I watched - as my family still lives in Philadelphia - the advertisements said if you pass this thing, we’ll put all the money and we’ll create jobs and things like that. Well really, it hasn’t worked.

I then watched over the last year as the gambling interests came to my state, Virginia, the state that I represent, which Al might say has a very honest, very ethical government. You almost never hear of an indictment or a problem in either party. Both parties are fundamentally clean and decent. We don’t have those problems. My eyes were opened last year when as you may recall Disney wanted to expand in the state of Virginia, actually in my congressional district. Now as I watched that, parallel with it was the fact that the gambling interests wanted to have river boat casino gambling. I then watched. I saw, what did they spend. Disney, which is a very well respected company, spent about $450 thousand dollars to lobby the general assembly on its efforts. A joke went around that if you were a lawyer in Virginia you got to be hired to represent the lobby, the general assembly. I then looked and saw that the gambling interest, the gambling interest in Virginia spent $1.1 million dollars. And then I watch as many of the political consultants, many that I know, many in both parties who run campaigns, were being hired by the gambling interests, were representing the interests of the gambling interests.

And frankly we in Virginia don’t need gambling. We have Montecello, we have Skyline Drive, the Shannondoah Valley, the Blue Ridge Mountains. Sixty percent of the battles of the Civil War took place there. You’ve heard of George Washington and Thomas Jefferson. We didn’t need it. And I couldn’t understand it. Then I began to see the money, the money that was being paid to these people. So I believe at that time it kind of woke me up. The light bulb went off in my head. They electrified me. A person who had not really kind of spent a lot of time on this issue to do something about it, and that’s why we made this effort to get involved and to introduce this national commission which we are going to pass.

You know and I don’t have to tell you because you’re not naive of the political interest that gets involved, the money that becomes involved. I have a Boston Globe article showing the casino interests hired a politically connected Massachusetts lobby at $65,000 per month. I did a press conference with Senator Lugar and Senator Simon about a month ago - and I didn’t know this - but Senator Simon, a Democrat in the senate, and Senator Luger, a Republican in the senate, have joined hands again showing that this is a bi-partisan issue and I would urge that we want to keep it a bi-partisan issue.

Senator Simon pointed out a former governor in Illinois, a former attorney general in Illinois were all working for the gambling interest. So I said it’s time for a commission. And I don’t understand why this American Gambling Association is opposing us because if they say it’s not a problem, what do they have to fear.

But what are some of the concerns that I have, and I’m just speaking for myself and not for you. Political corruption. You watch the money that comes in to both parties. And let me say as a Republican member I am very disappointed that the Republican party is taking money from the gambling interest. I have sent Haley Barber and said Mr. Barber - who I think has done an outstanding job for my party. I’m not saying your party, I don’t know what party you’re in but for my party - Haley Barber has done an outstanding job for us. But I think it’s wrong for the Republican party to be taking money from the gambling interest. I then saw what happened down in Louisiana, and you probably got a better lesson today from the young district attorney who spoke, but the number of state legislators who announced that they were not running because of the
corruption there. We then met with the FBI and I asked them about some of the things that were going on and I saw the thing and I said we need to study this because is there political corruption and what's going on. We then saw the Speaker of the Missouri House of Representatives resign in a cloud of gambling-related political corruption. Then in August, 1991, the FBI agents in Columbia, South Carolina, wrapped up operation Lost Trust, the sting that resulted in the convictions of 17 South Carolina legislators and lobbyists and other officials for accepting bribes during the 1990 legislative session in exchange for the votes to legalize horse and dog track racing. Then we checked and found that six Arizona legislators pleaded guilty in 1990 for accepting bribes on a bill to legalize casino gambling. Then seven Kentucky legislators, including the Speaker of Kentucky's house, were found guilty of accepting bribes and extortion and racketeering in Enrico and making false statements. In 1990, a former governor of West Virginia went to jail and in '94 the West Virginia lottery director was sentenced to federal prison for rigging a video lottery contract. So I felt state officials ought to know about this. When they're coming into your community you should know: is there a problem for corruption? They say one way, we say one way. Let's find out and that's why we need a commission to document and let us know.

The other issue we looked at was economics because I heard them talk about economics and how this is so wonderful. I at first thought that maybe what they were saying was right. I then start looking and I saw an editorial the other day and maybe many of you have seen it. If you haven't, I'll be glad to share it with you. I brought one copy in, I think, it was called the

**Northern Mississippi Journal** in Tupelo, Mississippi. I went to school down in Mississippi for a year. I was there for one year from 1957 to 1958. The people in Mississippi are good people.

They're decent people and I know a lot of people from Mississippi. I couldn't believe that they had legalized gambling but I thought it was just kind of a casual thing and then I saw these figures. In 1994, and keep in mind they legalized gambling in 1992, not 1892 or 1976 but in 1992. Now listen to these figures, and I quote from the *Northern Mississippi Journal*: "Mississippi is gambling more money, $29.7 billion." That's how much they spent on gambling. On taxable retail sales in the state the same year, there was $27.6 billion. More money was gambled than all the taxable retail sales in the state.

Now can you imagine the little kids that didn't get their shoes. Can you imagine the furniture stores that didn't sell the couch and didn't sell the daybed. Can you imagine the stores that didn't sell the rugs, the restaurants that didn't have the food, the amusement parks that didn't have things.

I saw a figure you must have seen the other day. The head of the Iowa state fair said the state fair attendance was down dramatically, I think by 12%, and he attributed it because of gambling interests. You hear the other speaker say the number of restaurants in Atlantic City declined from 243, in 1977, the year after casinos were legalized, to 146 in 1987. That's why the restaurant associations are opposed to this. They comp the food, they comp the drinks. You go in there and you can get a great meal for $4 or $5 so you don't go out to the local restaurant that hires the local people and they go out of business.

A New Orleans economist estimates that a new casino in New Orleans would redirect $62 million from all retail sales businesses. Municipalities can expect higher costs in police and health inspectors, emergency medical teams, upgrading transportation facilities, water and sewer, licensee agencies, personnel for regulations, on and on and on and you know it.

I have some figures here in Florida, which you probably know better, which demonstrate-- and I
want to commend the attorney general, commend the governor of Florida and commend the people here because I think this was really one of the battle grounds and when I saw the amount of money that the gambling interest spent and the lack of money that the people here in Florida used, you still did a... - you know what the figures are here and the social costs are great. So I thought we ought to study that.

We ought to find out what the American Gambling Association is saying in Washington or what you all are saying. We ought to study it. We ought to find out. Is there a... and I think it’s an economic loser. I think if you talk to the shop keeper in a little town or the shop keeper in a big city, they’ll tell you they’re against it. If you ask the operator of the bowling alleys they go out of business, they’re against it.

I will tell you in Florida, if you were to get casino gambling here, I think Disney could almost pack its bags. You almost can’t co-exist next to it. So let’s look at it and that’s why we’re going to do this study.

Then we looked at the issue of crime. I’ve heard them say there are no problems in crime. I mean you don’t understand, this is a good business and there are no problems... so we began to look. And the Florida Department of Law Enforcement has studied the possible crime problems and they opposed the gambling, as you know, and this is what their report said. It said, and I quote, "The casinos will result in more Floridians and visitors being robbed, raped, assaulted and otherwise injured. Casinos are not worth the gamble." And people in Florida knew that and the attorney general and the governor and the law enforcement people looked at that. They anticipated that there would be a spur or rise in robberies and rape and theft and drug abuse and aggravated assault and traveling criminals and counterfeiting and youth gangs and profit skimming and prostitution and... You know, the pick pockets, they just gather around. Wherever the casinos come, the picket pockets, it’s like a fly to honey. Criminals, particularly with regard to organized crime. Just talk to the FBI. I mean, they say there’s not a problem but you followed what’s happening down in Mississippi, you followed what happened down in Louisiana, so there’s a real, real problem with that. Laundering money and things like that. Organized crime does not only target adults. An April 11th Washington Post article - - and I appreciate that the Washington Post has editorialized for this several times and I appreciate the leadership that they’re taking - - an April 11th Post article explained how law enforcement authorities uncovered, and I quote, "A sophisticated betting operation run by student bookies who not only mimic the mob but also work with it." The article detailed how three New Jersey high school students, and I quote, "Forced a 14 year old schoolmate into a car, drove him to a housing project in Newark and dumped him there for failing to pay $500 in gambling debts." In another case a 16 year old prostituted his girlfriend around school to raise money for his gambling debts. I mean, can you feel the hurt and the pain there. Do you believe that? I said we know, we want to look into this type [of thing].

We see in 1992 the Wall Street Journal reported that since 1986. Atlantic City’s police budget has tripled to $24 million while the local population has decreased by 20%. The budget goes up and the population decreased. Larceny has increased 451% in Atlantic City versus 8% statewide. And aggravated assaults have increased by 316% in Atlantic City versus 77%. So that’s why we need a commission. We need a commission to find out.

Now, if the people of Atlantic City want to have gambling, there’s nothing we should do. We’re not telling them to stop it. But we want to get the data, we want to get the information to your locality and my locality. that if they try to come into my area, that our local officials have something to go on. Not a study done by a hard paid lobbyist that will say whatever they want him to say as long as they pay the right money, but fair and objective people that lay it out.
Well, then you hear about social cost. They say, "well there is a little bit of addiction problem but I don’t think it’s really too bad and we’re going to have a program that over the next couple of years we’re going to put some money in to some of the addiction problems." Well, let me just tell you some of the costs and we’ll see whether it is a problem. Gambling’s social costs include direct regulatory costs, lost productivity costs, direct crime costs including: apprehension, adjudication, incarceration, as well as harder to price costs such as suicide and family disintegration.

Problem and pathological gambling is tearing at the fabric of American families much like drug abuse and alcohol abuse. I wish I could have heard the speaker earlier today - and I hope I can get the tape to hear that but - he certainly has forgotten more about that issue than I know. A recent article written by a Kansas City Star reporter told the tragic story of how gambling addiction lead a mother of two to kill herself because she gambled the family savings and house away on an Illinois casino river boat. What do you tell that family? What are the gambling interests going to tell that family? You may have read the case about a Jason Burge, a 19 year old from the small town of Elkagner in Iowa, ending his life after running up a large gambling loss and leaving a note that read "I’m out of control." What are we going to tell that family? Is that an impact? Is that a social impact? Or 41 year old suburban salesman Harold Russell who shot himself in the parking lot of the Grand Victoria Casino in Elgin, Illinois after loosing more than $50,000. Is that a social cost? Is that an impact?

I received a call several months ago from a man in Illinois whose wife got so addicted that she went out and committed suicide. I also had a dealer who wrote an article for the Washington Post come in and see me. She now is a lawyer in the Washington D.C. area. She came in and told me she was a dealer out in Nevada. She worked kind of what they call the last- out shift. Kind of like the 4:00 to the 12:00 to the 8:00 shift of 11:00 to 7:00 or something like that. She said before many men would go to work that day, they’d come by and they’d gamble. She told stories of sometimes a wife will come in and say "oh Johnny, would you come on home. You know we can’t afford to loose that money," and he’d just say, "I gotta gamble." She told the story of a young boy, a young child, coming in and said "Dad, you gotta come home. This is not good. Come on, Mom doesn’t want you to gamble." You telling me that there’s not a social cost in that family? You’re telling me there’s not a social cost that we should look at? You think the information is out there now that they’re going to acknowledge? They may be right, they may be wrong but we’ve got to look at it. And I suspect there is a social cost.

Within two years of legalizing video lottery terminals, the VLTs, the tiny providence of Nova Scotia in Canada went from zero to 12 chapters of Gamblers Anonymous. Outrage over widely publicized broken marriages and wrecked lives. Nova Scotia forced the government to remove 2,400 machines. Did the people of Nova Scotia have an impact?

Various studies indicate that the mean gambling related debt, excluding car loans or mortgages and other legitimate debt, of people in compulsive gambling therapy range from $53,000 to $92,000. Compulsive gamblers in New Jersey were accumulating an estimating $514 million in yearly debt. Who pays for that debt? Everybody in New Jersey pays for that debt. Pathological gamblers engage in forgery, theft, embezzlement, drug dealing, property crimes to pay off gambling debts. They’re responsible for an estimated $1.3 billion worth of insurance related fraud per year which is borne by the rest of us. So we want to study that. We want to know. We don’t want a congressman or a senator say well, "I don’t know." We want them to know if it’s out there. Let’s see who’s right. Let’s look into that.

Then we looked into perhaps the most difficult issue and that is teenage gambling. I worry - - and maybe the experts have better information- - I worry that the addiction problem...and I base this on some of the things that I’ve read and also you may have read the Sports Illustrated three- part
series...I worry that the addiction problem will be greater today than it has ever been because we are now raising a generation of children that think it's okay to gamble because they heard the jingles on the lottery.

There is the Virginia lottery, the D.C. lottery, the Maryland lottery, the lottery, the lottery, the lottery, the lottery. And every time the sales begin to drop the lottery comes up with a new P.R. thing, a new this, a new that. So we have now raised a generation of children that now have heard and seen gambling approved because the government says you ought to do it, it must be okay.

And I heard Tom Gray say the other day, he said the government, which we used to look to protect-- if you have a problem with a fire you call the fire department, you have a problem with crime you call the police department, you have with a rescue or with a harder problem you call the rescue squad, so the government used to protect us and-- has now become the predator to come in and prey upon us. It's unbelievable.

I heard the governor of Gary, Indiana, invited Donald Trump to come on in and build a casino in downtown Gary, Indiana, which I've heard some people refer-- and I don't know if it is or not-- to one of the murder capitals of the country. And I saw on the news about a month ago that the governor, Governor Buy, of Indiana, called in the state police to come in and take over the law enforcement in Gary and yet the government of Gary has invited a predator to come in and to prey on its own people. So I think teenage gambling is really a dawning social problem that we may not even have scratched the surface. In 1991, New Jersey casino security ejected 21,838 persons under the age of 21 from casinos and prevented another 196,707 from entering. That's why I have said that if the District of Columbia tries to bring gambling in I will introduce a bill of disapproval because when young people come to Washington they should come to see the Lincoln Memorial, the Jefferson Memorial and not have the opportunity for that.

And we don't need it in Washington, nor do we need it in the whole Washington, D.C. area. Research indicates that as many as 7% of teenagers may be addicted to gambling. You know about the Sports Illustrated impact with regards to the impact on college campuses and some of the college teams that, I don't want to mention them to embarrass anybody, have had to suspend players because of their involvement. So I think we've got to study that. I mean we always say-- I hear politicians talk about it and they say "I'm casting this vote for the future generation." I said that just the other day as I voted for the balance budget that we passed the other day. I told people that I was doing it for the future generation. For my five children and my grandchildren. The legacy that my parents have given me I want to give [them]. So all politicians talk about future generations. They wrap themselves in future generations. So for future generations, every politician, there is no excuse not to support this bill, there is no excuse not to be involved for future generations.

Noted columnist William Sapphire recently called state sponsored gambling, and I quote, "A $40 billion a year cancer ravaging society, corrupting public officials and becoming the fastest growing teenage addiction." And I don't think you should be discouraged by what's going on because I'm encouraged. I feel very positive. It's encouraging to see all of you here, it's encouraging to see the change that I've seen literally over the last 3 months because of your effort, your going out and talking to your friends and neighbors and your legislators and people like that. You have made a tremendous difference.

Now what do you have to do? We're doing well, you're doing well. You're doing well. Now let me give you a little bit of a lesson. I have a bill which creates a national park in the Shannondoah Valley that we would get all of these sites. As you may or may not know, Stonewall Jackson got the name Stonewall Jackson at the first battle of Manassas in my congressional district. And Winchester, which is a beautiful city, I'd urge you to visit during tourist hours; we'd love to have you come and look at it. Maybe not stay but maybe just kind of look at it and then go on home. Winchester
changed hands 72 times in the Civil War. In fact, Stonewall Jackson planned the valley campaign in Winchester. There's a great story. I was telling them

there was a man named Lieutenant Colonel Moore. He was wounded at the first battle of Manassus. He turned to Stonewall Jackson- - and that's where Stonewall Jackson, if you recall, General Lee said "there stands Stonewall Jackson, like a stonewall rally around the Virginians." Well Lieutenant Colonel Moore was wounded in that battle. And he told Stonewall Jackson you can take my house in Winchester and use it for your winter headquarters. And Stonewall Jackson went out there and used his house and planned the campaign and his desk is there and his bible is there and his campaign chair is there and his bed is there and his quilt is there and it's all, all there.

And you know what went on and happened; interestingly enough when the war was over he returned to that area and he happens to be the great, great grandfather of Mary Tyler Moore. So the history in our area and I got involved in learning about one battle and this is the message that I want to leave you. It's called the battle of Cedar Creek. It was held near the Belgrove Plantation. It is the only battle in the Civil War that the north and the south won on the same day. They both won the battle on the same day. The thing in the morning, in the morning General Early, with the southern forces defeated the north, defeated the north by midday. And you know what he did? He stopped. And then there was this guy named Sheridan. Sheridan rode from Winchester down to the Cedar Creek and rallied the northern forces and they defeated the south. And when they defeated the south on that day they broke the back and that was the bread basket for the south. So there's a message there. Don't stop in the morning. Don't stop when you're doing good. Keep on going and going and going until you have final, final victory.

What can you do? One, you ought to encourage anyone you know to write your congressmen and your senators. You ought to then call you congressmen and senators. You ought to ask them to co-sponsor this bill. There was a great story that I was telling the people at the table. Tip O'Neal who was Speaker of the House, a man who I admired a lot- - we didn't agree on everything- -

but I admired him. He was a nice, nice person. He told this story. He said one day, the first time he ran for office he lost. And a lady across the street from him voted for the other person. And so one day he went over across the street and he said to her-- I don't know what her name was but Mrs. Magillicuty or whatever-- he said "why did you vote for the other guy." He said, "you know, I have painted your picket fence, your son is one of my good friends. I've had dinner at your table and we've gotten along together, we've known you for years. Why did you vote for the other guy?"

And she said, "he asked me, Tip." And so you have to ask. You have to ask your congressmen and senators. You have to call them on the phone. You have to say this is a good bill, this is a fair bill, this is a bi-partisan bill. This is a bill that if you're liberal you can be excited about. If you're conservative you can be excited about it. If you're from the north you can be for it or if you're from the south. If your state has gambling interest, and we have a list of all the co-sponsors, and we have many co-sponsors from states who have gambling, because all we're asking for is a study. So you've got to ask. Write letters, make telephone calls and ask.

Secondly, you probably ought to go out and buy Professor Goodman's book. I understand that Professor Goodman's going to be in your program. The book is a good book. In fact, you may buy the book and you may want to send it to your congressman, you may want to send it to your governor, you may want to send it to your city council. But begin to get that type of information out.

Thirdly, when your congressmen and senators come home for the Thanksgiving break, go visit them...

Then fourthly, go to newspapers. Newspapers are very, very fair. I found that newspapers have been very fair to look at both sides of this. Go to the television stations, the editorial writers. Explain and spread the word of what's going on. The message will get out. In fact, as I'm talking to the choir because you're getting the message out, but we want to continue to get the message out and you have
to ask for the sale. And I believe as the message gets out we will do very, very well. Fifthly, do not make this a partisan issue. This is not a Republican issue, this is not a Democratic issue. This is an economic issue. So Republicans and Democrats and conservatives and liberals can come together. Do not make it a partisan issue. This is not a Republican issue or Democratic issue. This is an issue of crime. So it's an issue that Republicans and Democrats and liberals and conservatives can get together on. This is an issue of not only economics and crime but this is an issue of potential corruption. So you can be a liberal Republican and a Democratic conservative or whatever and you're concerned about corruption.

So the three reasons why everyone ought to be together and not make this a partisan issue is that everyone, whatever their political views, knows that economics is important. Everyone, whatever their political views, know that the issue of corruption is important. And everyone, whatever their political views, know that the issue of crime is important. So there are the three issues and this is why we ought to do it. But do not make it a partisan issue.

In closing, and I will just close with this comment, one of my favorite quotes was the quote by Bobby Kennedy. He said, "Some men see things as they are and ask why. I dream things that never were and ask why not." Why not have communities that have the information? Why not be able to roll back places that you don’t want it? Why not? Why not? Why not? Why not? Why not be able to do something for these young people? Why not be able to stand up in the face of corruption? Why not be able to stand up with regard to crime? Why not help the bowling alley operator, the restaurant operator? Why not do that? Why not make tourism possible for your state and others? And we can. If we all pull together and work together with what I like to call - - not a mean spirit but- - a spirit of reconciliation, a spirit of bi- partisanship, in fact is what this country needs more of today: reconciliation. We need reconciliation between Republicans and Democrats, we need reconciliation between the races. We need reconciliation. So let's not get mad at the gambling interests, let's not call them any names. Let's not talk about some of the things and joke or whatever. We, I think, are on the right side of history because this is an issue of economics, this is an issue of crime and this is an issue of corruption. And those three issues are issues that I think the entire American people will be with us on. I thank you for your efforts. I will continue to push this.

You know, I ran for congress in 1976 and I lost. I ran in 1978 and I lost again. Then I ran in 1980 and I would go to subway stops and sometimes people would say are you running again? And so we're going to push this thing and we're going to push this thing and I'm going to speak out on the floor on it. We're going to watch who's appointed to these commissions, we're going to talk to the presidential candidates, we're going to really, really push these things. We'll do the work at the federal level, you do the work where it's really important, at the grassroots level. And if we do that, I think we're going to be okay. Thank you very much for having me.
APPENDIX VI

Indian Gaming: Profit, Prayer or Prophecy?

Indian Gaming: Profit, Prayer or Prophecy?

An Anthropological Perspective of Indian Gaming in North America

The Archetypal Struggle Gambling has surpassed baseball as a national pastime in America, thanks in part to its proliferation on Indian reservations. Today, about 141 tribes operate reservation casinos in 24 states and, for the most part, they have been largely successful. But since the Seminoles first opened a bingo parlor in Florida in the 1970s, reservation casinos have been argued in Congress and the Supreme Court.

The political contest between the states and tribes has become a battle between sovereign entities, each wishing to determine for itself what is to take place within its own borders. This controversy represents the culmination of a five hundred-year battle of conquest and conversion. Moreover, it is reminiscent of the archetypal contest so pervasive in Native American mythology.

Archaeological sites throughout Mexico, the Southwest, and the Eastern Woodlands show evidence of gambling beginning more than a thousand years prior to European contact. Ethnological records dating as far back as the fifteenth century testify to widespread gambling not only as a means of economic recovery, but also as a sacred rite for personal and cosmic stasis. It was thought that gaming ritual healed the sick, controlled the weather, proved divine parentage, ensured a good crop, hunt, or battle, or divided the year between winter and summer or the day between light and darkness. (In the case of the Pawnee, the Ghost Dance hand game was used to replace extinct ritual and to ensure reunion with the ancestors and the buffalo in an afterlife that included no white people.) These themes were
Aztec elite playing a dice game called *paiolli* (Codex Florentine).

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reflected in the myths.

Whenever tribes engaged in ritual or economic gambling, they usually went for broke. Likewise, in *gaming mythology*, when the superbeings gamble with humans, the stakes include all of one's possessions, slavery, dismemberment, or death. Whole tribes and worlds are often destroyed and it is up to the hero gambler to restore them. Interestingly, the hero is typically one who has been exiled for excessive gambling and has undergone a spiritual transformation before defeating the supergambler through divine intervention. The hero gambler *always* turns the tables on the encroaching gambler.

In the Southwest and the Plains, gambling myths melded with Christian and Mesoamerican themes of sacrifice and resurrection. Furthermore, only the gambling myths of the Navajos incorporate prehistorical sites (such as Chaco Canyon, New Mexico) and elements of the Spanish Conquest, perhaps because real life was seen to imitate myth.

Sacred gambling is not unique to Native America. In Hindu and Nordic mythology, for instance, the worlds were created and destroyed on a dice board. The Bible and Greek literature tell of determining the will of the deity by lot. Devices such as the *I Ching*, runes, tarot, and lots were employed for prophecy by other cultures. Gambling is the act of appropriating the future by risking something of value against it. We don't know whether gambling grew from game playing or fortune telling or vice versa, but we do know that in many cases they were practiced as one in the same. Gambling, in a sense, is an ancient form of prayer.

These aspects of gambling are thoroughly probed in a recently released book titled, *Gambler Way: Indian Gaming in Mythology, History, and Archaeology in North America*, by Kathryn Gabriel.

When viewing the saga of modern Indian gaming controversy through the template of universal gambling myths and symbols, one is tempted to predict the outcome. Ultimately, the issues are left for the reader to decide.

Books on the Southwest by Kathryn Gabriel

*Roads to Center Place: A Cultural Atlas to Chaco Canyon and the Anasazi*

*Marietta Wetherill: Reflections on Life with the*
Navajos of Chaco Canyon

Country Towns of New Mexico (Available January 1997)

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A note to scholars, tribal leaders, marketing executives, lawmakers:

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