LEGALIZED GAMBLING AS A STRATEGY FOR ECONOMIC DEVELOPMENT

ROBERT GOODMAN

United States Gambling Study

Center for Economic Development
University of Massachusetts, Amherst

LEGALIZED GAMBLING AS A STRATEGY FOR ECONOMIC DEVELOPMENT

Robert Goodman, Director
United States Gambling Study

March, 1994

Center For Economic Development
University of Massachusetts, Amherst

Funding Provided by
the Aspen Institute and the Ford Foundation

United States Gambling Study
245 Main Street, Northampton, MA 01060
Tel(413) 584-0855 FAX(413) 585-0688

Acknowledgements

We wish to thank the Aspen Institute and the Ford Foundation for their financial support of this study. They are, however, not responsible for its content.

Table of Contents

Project Consultants

Director: Robert Goodman,
University of Massachusetts/Amherst
Hampshire College/Amherst

Legal Analysis: Stephanie A. Levin, Esq.
Northampton, MA

Regional Economics: Meir Gross,
University of Massachusetts/Amherst

Stuart Rosenfeld,
Regional Technical Strategies/Raleigh, NC

Editorial: Stephen Simurda

Research Assistants: Patricia Berg
Jason Danziger
Michael Piscitelli

Project Assistants: Maureen Futtner
Brett Martin

LEGALIZED GAMBLING AS A STRATEGY FOR ECONOMIC DEVELOPMENT

Introduction:

Although the controversy over legalizing gambling often centers on issues of morality, the goal of this study was not to explore whether or not people should gamble. The morality of gambling is indeed worthy of serious debate. But our primary concern was to assess the economic, social and legal consequences that occur when governments try to use gambling as a way to improve their economies. Our research is intended to help give communities and policy makers a more informed and objective basis for making their decisions.

Our report does not recommend either for or against legalized gambling in general. Rather it describes the consequences of the ways in which community leaders, the media, and the public are learning and making decisions about legalization. In our research, we discovered that not all forms of gambling lead to the same social and economic consequences. We found, for example, that the latest kinds of legalized games and those being contemplated for the future, such as electronic gambling machines in stores and bars or interactive TV betting at home, tend to be more decentralized, more available, more addictive, and more profitable to the gambling industry. Our findings and recommendations are directed at some of the specific ways in which governments decide to go into the gambling business, and about the ways they operate gambling ventures once there.

Expanded and Transformed

Legal gambling is one of the fastest growing industries in the United States. By 1992, gross revenues from legal operations were running at nearly $30 billion a year - an average of more than $100 for every person in the country. Between 1982 and 1990, legal gambling by Americans grew at almost twice the rate of their personal incomes. Revenues in this business climbed nearly two and a half times faster than that of the nation's manufacturing industries.[1]

This once officially criminal activity is now being chosen by business and community leaders as a linchpin for economic development. By the late 1980's, the country's gambling menu had rapidly expanded - from electronic slot machines in rural Montana bars to new casinos in old Colorado mining towns; from Mississippi riverboats to tribal-run casinos on Indian reservations; from church bingo games to new mega-casinos in Las Vegas and Atlantic City.

---

[1]Christiansen, Eugene M., "1990 Gross Annual Wager", Gaming and Wagering Business, July 15 - August 14, 1991. and Christiansen, Eugene M., "Gross Annual 92 Wager", Gaming and Wagering Business, August 15 - September 14, 1993, p. 12.; see also: Manufacturing Industry calculations from Statistical Abstract of the United States 1991 manufacturing data, p. 748.

Many states which were never thought of as gambling centers have been transformed. Rural ones like Iowa, Oregon, Louisiana, Minnesota, Montana, and South Dakota and more urban ones like Connecticut and Illinois now have a host of gambling products. In 1992, Minnesota's state lottery director claimed that, after Nevada and New Jersey, residents of his state were spending more money gambling than anywhere else in the United States.[2] At $558 per capita in yearly wagers, gambling expenditures in 1990 exceeded many categories of retail spending in Minnesota, including home furnishings, appliance and electronic stores, clothing and shoe stores, and hotel and lodging. That year, total wagers in that state were nearly $2.5 billion, up from an estimated $200 million only five years before.[3]

A New Role and New Dilemmas

The legalization of gambling has created a new role for government in directing economic development. Through ventures like lotteries, the states have refuted the stereotype of government inefficiency. They've demonstrated that when given the opportunity, they can create businesses and that government managers can become as proficient in marketing and management as their private business counterparts. Government has also

---

[2]Anderson, George R. "Casinos and Lotteries: Can They Co-Exist?", Talk at the World Gaming Congress & Expo, Las Vegas, September 22-24, 1992.

[3]Minnesota Planning, High Stakes: Gambling in Minnesota, Minnesota State Planning Agency, St. Paul, MN, March, 1992, pp. 2, 6.

established a important model in which privately-run businesses share fixed percentages of their gross income with the public.

In the process of going into the gambling business, governments have also become more gambling dependent and have shifted from being gambling regulators to being the leading promoters of gambling in this country. The net effect has been an increase in the number of people who gamble.

Proponents of legalized gambling have promised vastly increased public revenues and the creation of large numbers of jobs. Casinos and riverboats are portrayed as appealing to families and vacationing tourists in an atmosphere of entertainment and fun.

The gambling industry has indeed created many jobs in gambling enterprises as well as those in related businesses like hotels. But by diverting consumer dollars into gambling, it has also been responsible for the decline of jobs and revenues in other businesses. In addition, the expansion of legalized gambling is increasing the public and private costs of dealing with the social and economic problems among the rising numbers of people who gamble.

Studies indicate that poor and working people spend a disproportionate part of their incomes on gambling. There is also a direct increase in the numbers of people with pathological gambling problems as a result of increases in legalization. Some researchers have called gambling the fastest-growing teenage addiction, with the rate of pathological gambling among high school and college-age youth about twice that of adults.[4]

The Expansion of Games and Players

Today, there are six major sectors of the legal gambling economy, with new ones being planned for the future:

(1) State lotteries and instant games.

(2) Casino-style gambling - including Indian casinos, riverboats and "cruises to nowhere."

(3) Pari-mutuel racing and sports gambling; at the track, off-track, and simulcast racing.

(4) The "non-profits" - including bingo and "Las Vegas nights" by churches, veterans organizations, and other groups.

(5) Indian high-stakes bingo.

(6) "Mini-casinos" - created through the use of keno machines, video lottery terminals, slot machines, and pull-tab machines in bars, convenience stores and racetracks.

On the horizon, the gambling industry is experimenting with at-home interactive cable TV gambling.

Initially, politicians argued that legalization was a way for the state to capture money already being bet on illegal

---

[4]Christian Science Monitor, April 25, 1990.

gambling, to eliminate the role played by organized crime, and to make sure that those who played weren't being cheated.[5] However, organized crime's involvement in gambling activities, stands in sharp contrast to government's approach. Organized crime doesn't promote its operations with public relations campaigns to encourage more people to gamble. State governments now spend about $300 million dollars a year in lottery advertisements.

Governments have also promoted gambling through organized public relations efforts which have resulted in valuable free publicity for their games through newspaper and TV stories about enormous jackpots and happy winners. As non-lottery gambling ventures decline, some state governments have even begun to provide them with subsidies and favorable regulatory treatment.

Questions and Answers

Many governmental functions in legalized gambling are a radical departure from government's traditional role in economic development, and pose critical public policy questions. The question we raise first is whether gambling is ultimately an effective economic development strategy to raise revenues and create jobs? Second, if it is, should government actively

---

[5]See for example, "Communication by Mayor William O'Dwyer to the New York State Legislature," January 10, 1950 in "Gambling", Annals of the American Academy of Political and Social Science, Vol. 266, May, 1950, pp.35, 36.

encourage people to gamble? Third, what role, if any, should state and local governments play in protecting their gambling enterprises from competition, whether in their own states, or from enterprises in competing states or on Indian reservations?

The rapid rise of tribal-run gambling poses additional questions, both about its effect on economic and social conditions within Indian communities, as well as its effect on the legal relationships between Indian tribes, the states and the federal governments.

This study addresses these questions by assessing the way in which both non-Indian and Indian communities have turned to gambling solutions for their financial difficulties in a number of diverse states and localities. Among other things, we attempted to determine:

1. The primary groups and individuals who are promoting legalization and what strategies they use to do this.

2. The extent to which the studies, criteria and methods used by legislators and communities in evaluating gambling development proposals are useful. In particular, to what extent are both negative as well as positive consequences of expanding legalized gambling being considered?

3. What are the consequences of having specific state budgets and programs directly supported by gambling enterprises?

4. What is known, and not known, about the community economic impacts of gambling? This includes revenue and job creation possibilities and the public costs of legalization, such as police and criminal justice services, mental health services, and the extent to which gambling affects other local businesses.

5. The extent to which communities consider the changing social characteristics promoted by legalized gambling in making their decisions - such as changes in addictive and criminal behavior and the extent to which new government-sponsored gambling promotes more gambling.

6. The extent to which governments have been able to plan and control their gambling ventures: e.g., have they have been able to keep gambling a recreational activity; do they have state-wide gambling plans; how are gambling ventures initiated?

7. The legal and political environment in which tribal-run gaming operates and the consequence of this environment on decisions to legalize gambling in non-Indian communities.

To find answers to these questions, we interviewed over fifty public officials, business and media people. In addition, we conducted several working meetings with government officials, exchanged information with researchers, and reviewed local, as well as national, studies.

Our original intention was to examine only a small number of states, where particular kinds of legalized gambling were being expanded. We chose Minnesota and Connecticut to look at tribal-run gambling, Iowa to examine the development of riverboats, and Oregon for the expansion of state-run electronic gambling machines. However, after we began our study, we found that gambling was expanding rapidly in other cities and states in ways which would impact our originally designated sites.

For example, gambling proposals in New Orleans, Chicago, and elsewhere, could affect market saturation on a national level, thus impacting the states we originally chose to look at. We also found a lack of economic impact studies either prior to or after gambling ventures were in place in many of the original states. At the same time, we were able to find other situations in which such studies were available and could give us a much better measure how communities aproach legalization.

In Chicago, for example, a number of impact studies had been prepared to estimate the economic effects of a proposed casino complex; in South Dakota an impact study looked at economic conditions in that state after the development of casinos in Deadwood and after the creation of state-run electronic gambling machines; in New Jersey we were able to look at studies which examined the long-term effects of legalizing casinos in Atlantic City. We also found it useful to look at Montana, California, and other states, where there had been considerable accumulated experience earmarking state gambling-derived revenues for specific purposes like education.

In describing tribal-run gambling we felt it necessary to examine the complex legal environment in which state, federal, and tribal governments interact. To do this, Stephanie A. Levin, our legal consultant, prepared a separate section on the Legal Environment of Indian Gambling, which not only describes the legislative background leading to passage of the 1988 Federal Indian Gaming Regulatory Act (IGRA), but also addresses the legal issues which are likely to affect the future of tribal-run gambling.

To Make a Choice

The current rise of the gambling industry is a reflection of larger economic dilemmas in rural and urban areas, a phenomenon which is part of a broader national shift away from the creation of high wage jobs and one which is emblematic of the paucity of local and national long-range solutions to the problems of economic development.

Government involvement in expanding legalized gambling may at first seem an encouraging indication that political leaders are taking a more active role in helping their local economies. But compared with the involvement in gambling, the commitment to help other kinds of economic growth is minuscule. In 1991, for example, states with technology extension services that provide research and marketing help to small manufacturing companies, one of the most innovative and job creating parts of the economy, together spent $50 million to support them.[6] By contrast, New Jersey alone spent more than that to regulate its Atlantic City casinos,[7] while lottery states spend six times that amount to advertise their products.

---

[6]"Industrial Policy", Business Week, April 6, 1992.

[7]Lehne, Richard, Casino Policy, Rutgers University Press, New Brunswick, NJ, 1986, p. 66.

The decision to expand legalized gambling can have many unforeseen consequences. One of the most significant ones is that it will be a very difficult decision to unmake. As a politician who led the battle to legalize gambling in Atlantic City said, "Casino gambling is not a 'try it and see' experiment. Once the casino opens and the dice begin to roll, gambling creates an instant constituency. People depend on it for jobs. Governments depend on it for revenues."[8]

As government and private gambling operations multiply, states and communities are being pitted against each other in a struggle for competitive advantage. Hopefully, this report will help people and their government leaders better understand the connections between gambling and economic development in their communities. We also hope it will help them to make more reasoned choices.

---

[8]Perskie, Stephen P., "The Word from New Jersey - What Hartford Can Expect from Casino Gambling", Hartford Courant, March 29, 1992, p. E1.

EXECUTIVE SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

Key Findings

1. Initiating, Planning and Developing Legalized Gambling

There is no popularly-based movement for the expansion of legalized gambling; expansion has resulted from the efforts of gambling industry companies and public officials. There are no state gambling plans. Gambling has grown in an ad hoc, "copy cat" manner as states follow each others' leads, responding to revenue shortfalls and the fear that neighboring states or Indian tribes will siphon off their gambling dollars.

Once gambling ventures are legalized and governments become dependent on their revenues, the future form and spread of gambling within a state becomes extremely difficult to control.

2. Knowledge About Gambling Impacts: Hiding the Costs

There is a critical lack of objective knowledge and research about the real economic and social costs and benefits of legalizing gambling. The research used by public officials to evaluate projects is often done by the gambling industry itself.

While legalized gambling has produced increases in some forms of employment and tax revenues, the shifting of large amounts of consumer spending to state sponsored gambling also has negative effects on other local businesses. In addition, there are other expenditures, such as those for criminal justice, regulation, problem gambling behavior and public infrastructure.

3. Analysis of Gambling Economic Impact Studies

In general, in the fourteen studies analyzed, claims of economic benefits were exaggerated, while costs were understated. Most could not be considered objective descriptions of economic benefits and costs. Ten of the reports were either unbalanced or mostly unbalanced.

4. Recruiting More Gamblers: Increasing Gambling Opportunities and Problem Gambling Behavior

As the states legalize and promote more gambling ventures, the number of people who gamble is increasing and the amount of personal income being spent on gambling is also rising. This is increasing the costs of dealing with gambling-related problems.

Based on projections of existing research, there may already be as many as 9.3 million adults and 1.3 million teenagers with some form of problem gambling behavior in the United States. State gambling revenues come disproportionately from lower income residents. Problem gambling behaviors are highest among the poor and minorities.

5. Future Implications for Rural and Urban Areas: Legalizing More Addictive Games at Decentralized Locations; the Introduction of Land Based Urban Casinos; the Development of Interactive Television At-Home Betting

As state budgets become more gambling-dependent, legislators are tending to legalize higher revenue producing games, like video lottery terminals (slot machines) and keno at dispersed locations. These constant, quick action games are considered highly addictive by counseling professionals. State gambling dependence has also eroded prohibitions against locating casinos in large urban areas.

There has also been a marked shift towards more slot machines in existing casinos. In the future, as revenues from existing gambling ventures are unable to keep pace with government gambling dependence, the gambling industry and legislators are likely to look towards expansion through the use of telephone and interactive TV betting.

While remote areas were historically favored for casino locations, more urban casinos may be developed in the future with negative economic consequences for existing rural ones. The increased use of state-operated slot machines and keno at dispersed locations will also have negative economic consequences for rural as well as urban areas.

6. The Implications of Market Saturation: Relaxed Regulations and Increased Public Subsidies

The growth of competing gambling ventures is leading to market saturation, putting many ventures in danger of collapse. Charitable gambling revenues are one of the enterprises being negatively affected by this growth.

A major result of market saturation has been a tendency towards more lax government gambling regulation and public subsidies to help competing private gambling operations survive. There are likely to be serious economic and social costs to communities as the result of this boom and bust type of development.

7. The Government as Gambling Promoter: Advertising, Promotions and Subsidies

In the process of gambling legalization, states have shifted from the role of gambling regulator to that of gambling promoter. In doing this, they are liberalizing regulations designed to protect the public and spending more on gambling advertisements and promotions.

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 likely to be increased cannibalization of non-gambling businesses and increased public costs of dealing with the social and economic consequences.

8. The Use of Gambling Revenues and the Growth of the New Gambling Constituencies

Governments use gambling revenues for a wide variety of budget needs. New gambling ventures are sometimes difficult to start because existing constituencies with gambling monopolies lobby to keep them from being legalized.

Funding specific state programs with gambling revenues has tended to make them gambling-dependent. It has also tended to make those groups who benefit from them part of pro-gambling political constituencies.

As growing numbers of people work in the gambling industry, and come to be economically dependent on it, new pro-gambling constituencies will develop to protect these jobs. This will make gambling ventures difficult for government to curtail or terminate.

9. State-Tribal Relations: Tribal Benefits and Problems

Tribal relations with the states over the issue of tribal-run gambling have been generally adversarial; conditions have varied as a function of particular state politics and especially as a function of the political strength of tribes within a state.

There have been dramatic immediate economic and social benefits in many Indian communities, but there have also been controversies within tribes about the advisability of operating gambling enterprises and about acceding to government mandates to regulate tribal-run gambling.

Indian tribes are concerned about the long-term viability of their casinos. As their revenues have dramatically expanded, state governments have sought ways to tap into or curtail them. There are currently serious legal challenges to tribes' sovereign relationship to the states. These conditions raise serious tribal, state and federal policy and legal questions for the future.

RECOMMENDATIONS

1. In contemplating legalization, communities need to make more use of objective and accurate information about probable economic and social impacts. They should avoid reliance on forecasts and studies provided by researchers and consultants who work either for the gambling industry or for pro-gambling constituencies.

2. There is a need for a national organization, independent of the private and governmental gambling industries, to conduct ongoing analysis of the economic and social consequences of existing and proposed gambling ventures. Such analysis would include the impacts of consumer gambling expenditures on other businesses and on local job creation and job loss. It would also include research on the effects of using gambling revenues on state and local budget processes.

3. Governments should avoid gambling policies which conflict with their other economic and social policies. For example, since governments normally try to discourage socially destructive behavior. Therefore, when governments decide to legalize a particular game, that they limit their role to that of making the game available, rather than that of actively promoting it. In the same sense, we recommend they avoid legalizing more addictive games, such as electronic gambling machines, interactive television and other home-accessed gambling.

4. As part of a process of understanding the long-term relationship between their gambling policies and other efforts, we recommend that governments engaged in gambling ventures prepare comprehensive gambling plans, which clearly describe their goals and methods of achieving them. These plans should acts as a guide to a state's future gambling operations.

5. Communities which decide to host private gambling ventures, such as casinos and riverboats, should insist on legal agreements which stipulate that operators can't terminate or relocate their facilities without clearly defined arrangements which compensate these communities for current and future social and economic costs they incur as a result of the gambling venture.

6. Governments should avoid the consequences of becoming financially dependent on gambling ventures. When revenues from gambling do not meet goals, important public programs can become jeopardized. To avoid these consequences, governments should consider alternative sources of funding public programs.

7. Government should reconsider their support for faltering gambling ventures. Declining sales of gambling products are usually an indication of declining consumer interest. While retaining jobs may be a useful public policy in some industries, public funds and subsidies may be better invested in supporting local industries and businesses which are likely to have more beneficial long-term impacts on jobs and public revenues than gambling ventures.

8. Governments should reconsider their methods for distributing their gambling revenues and their ways of publicizing these methods. Currently, gambling revenues derived from poor communities are often redistributed to wealthier ones. Policies of earmarking revenues for specific public purposes like education have also made these programs gambling-dependent. By exaggerating how much money goes into these programs in their gambling advertisements, governments have made it more difficult for programs like education to find other sources of public revenue.

9. While there is an obvious need for more money to pay for counseling problem gamblers, we hesitate to simply recommend increased funds for counseling. Since government's expansion and promotion of gambling itself causes more gambling and more problem gambling, the answer is to simultaneously curtail government's promotion of gambling, while at the same time providing more assistance to people with behavioral problems.

10. Gambling ventures should not be created simply to stop the flow of state gambling dollars to out-of-state ventures. Creating new ventures will likely help retain some gambling dollars, but is also likely to induce even more in-state gambling. This will lead to increased public costs for behavioral problems and the diversion of dollars from local businesses to the gambling operations.

11. Governments should consider the possibility of using their accumulated experience and expertise in efficiently and profitably managing and promoting gambling operations to operate more economically and socially productive ventures.

12. 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 invest in diversified, long-term economic development activities.

1. <u>Initiating, Planning and Developing Legalized Gambling</u>

There is no popularly-based movement for the expansion of legalized gambling; expansion has resulted from the efforts of gambling industry companies and public officials. There are no state gambling plans. Gambling has grown in an ad hoc, "copy cat" manner as states follow each others' leads, responding to revenue shortfalls and the fear that neighboring states or Indian tribes will siphon off their gambling dollars.

Once gambling ventures are legalized and governments become dependent on their revenues, the future form and spread of gambling within a state becomes extremely difficult to control.

The recent explosion of legalized gambling ventures in America is not the result of a popular political groundswell for more gambling. Initiatives have come from a gambling industry attempting to increase business and public officials attempting to create jobs and raise revenues. Expansion has been unsystematic and chaotic - typically, new ventures have grown in an ad hoc manner, as legislators, state gambling officials and private companies respond to the financial and political opportunities of the moment - often by simply copying the gambling operations of other states.

There are no states with state-wide or comprehensive plans for their gambling ventures. Many state and private proposals for new ventures were made after lottery or other gambling revenues declined, after Indian tribes created casinos, or after another state legalized a new form of gambling such as the introduction of riverboat gambling in Iowa. Massachusetts, with the highest per capita spending on the lottery of any state in the country, is considered the nation's most successful model by many of the lottery officials we interviewed, and is widely copied.

An Escalating Political Quest for Gambling Revenues

The historic pattern in legalization has been for state governments to begin by legalizing a lottery and then, as gambling revenues decline over time, to legalize more ventures - from once-a-month lotteries, to weekly lotteries, to daily games, instant tickets, and other forms of gambling. The history of Connecticut's lottery illustrates the elusive quest for government revenues through legalized gambling.

Connecticut began its lottery with bi-partisan support more than 20 years ago, after Republican Governor Thomas J. Meskill campaigned for the gambling venture as a way of avoiding a state income tax. Since then the state has legalized betting on horses, dogs and jai-alai as other ways of avoiding the use of income taxes. But by 1992, with lottery revenues at $228 million or 2.8 percent of the state's budget, the legislature approved that state's first income tax. Meskill, currently a Federal Appeals court judge, recently said, "I would have been satisfied if we had stopped with the lottery."[9]

In 1993, still short of funds and jobs, legislators

[9] Hays, Constance L., "Was the State Lottery Too Much of a Gamble?" New York Times. Oct. 17, 1992.

unsuccessfully promoted the creation of major gambling casinos in Bridgeport and Hartford. While the lobbying effort was underway, the governor concluded an agreement with the Mashantuckett Pequot tribe to share slot machine revenues, in exchange for allowing the tribe the exclusive right to operate slot machines in the state.

In New Jersey horse racing produced about 10 percent of general funding revenues in the mid-1950's. But by 1986, horse racing accounted for only 1 percent of state general fund revenues. In the intervening years, new gambling ventures were legalized - the state lottery in 1969, then Atlantic City casinos in 1977.

By 1988, a Governor's Advisory Commission said, "New Jersey offers more different forms of legal gambling than any other state in the nation."[10] But by that time all of the state's gambling ventures combined provided only 7 percent of state revenues. That number has further declined to about 6 percent today.

---

[10]Report and Recommendations of the Governor's Advisory Commission of Gambling, Trenton, NJ, June 30, 1988, pp. 5, 16.

The Absence of Popular Mandates and the Lack of Economic Development Alternatives

The high-stakes gambling ventures created in the late 80's and up to the present were accomplished almost exclusively without direct state-wide voter approval. More than 16 years ago, New Jersey residents became the last group to vote in favor of high-stakes gambling, when they approved casinos for Atlantic City. The methods used in all of the new ventures since Atlantic City were laws passed by legislators and the interpretation of existing laws.[11] Also, Indian gaming on the reservation has stimulated non-Indian ventures regardless of voters' opinion of whether they want more casino gaming or not.

New ventures have grown out of a sense of resignation and desperation - an attitude that "if we don't do it some neighboring state or city will get all our gambling dollars." In Chicago there was fear of riverboats in other Illinois cities, and casinos in nearby states. In Massachusetts legislators fretted over players driving to the Pequot Indian casino in Ledyard, Connecticut or to play at slot machines in Rhode Island.

In September, 1993, a Massachusetts state legislative committee recommended the creation of four casinos in different corners of the state, largely to discourage local residents from

[11] Rose, I. Nelson, "Gambling and the Law", Indian Gaming, (January 1992), pp. 12 - 14.

gambling in adjacent states and to impede the creation of casinos in these states. According to the committee's report, one of the new casinos would "block the development of a competing casino in Providence, RI," another would "deter Massachusetts residents from Foxwoods Casino in Ledyard, CT," and yet another would "deter the development of a competing casino in lower New Hampshire or Maine."[12]

Economic distress has led to a kind of "hold your nose and legalize it" attitude among legislators. "In some ways I think its a disgrace that we may have to do it," said Mayor Robert Markel of Springfield, an older industrial city in rural western Massachusetts. "The city of Springfield has its back to the wall...This would not be my first choice, but we don't seem to have a lot of choices right now."[13]

Mayor Edward Rendell lobbies for riverboats in Philadelphia, believing that by the year 2000 "almost every urban area will have some form of gambling...whatever harm (riverboats) do, is harm that is going to be done regardless of whether they exist in Philadelphia." According to Rendell, "if people are going to gamble away their paychecks better they do it here than in

---

[12]Report of the Senate Committee on Post Audit and Oversight, Toward Expanded Gaming: A Preview Of Gaming in Massachusetts, Commonwealth of Massachusetts, September, 1993, pp. 85, 86.

[13]Zuckoff, Mitchell, and Bailey, Doug, "Cities weigh quick cash vs. social costs," Boston Globe, September 30, 1993, p. 1.

Atlantic City."[14]

For many legislators, a rejection of gambling by the voters would not only doom their proposals, but would also establish a negative precedent for future ones. Rendell, who opposes a state-wide referendum on riverboat gambling, says, "Why risk it?" He believes that urban residents in the state's big cities would support the idea, but rural ones would vote against it.[15]

The Gambling Industry Lobby

Gambling industry firms and local businesses are often the initiating agents for new gambling ventures. In Oregon, for example, slot machine manufacturers and distributors and bar owners lobbied for the legalization of gambling machines. Years before, in the same state, the GTECH Corporation, one of the world's leading makers of lottery equipment and games, paid workers $1 per signature to put a pro-lottery question in a state referendum.[16] In South Dakota, pro-slot machine lobbyists spent about $1 million - outspending their opponents by a 12 to 1 margin - in a successful campaign against a ballot proposal to eliminate slot machines in that state.[17]

---

[14]Johnston, David, "On casinos, Rendell plays hard to get," Philadelphia Inquirer, August 15, 1993.

[15]Johnston, David, "On casinos...", op. cit.

[16]From interviews with state officials in Salem, OR.

[17]Rose, "Gambling and the Law...", op. cit., p. 4.

From January to June, 1993, casino developers spent $2.36 million lobbying the Connecticut Legislature to legalize casino gambling in several cities. According to state officials, it was the most money ever spent lobbying the state for a single cause. A major part of the effort came from a subsidiary of the Mirage casino operations of Steve Wynn, a prominent Las Vegas casino developer. The money was spent for lobbyist salaries, public relationaccs firms and trips, and meals and materials for local legislators.[18] During the campaign, Wynn flew a number of Connecticut legislators on his private jet for a weekend review of his casino operations in Las Vegas.

In his attempt to gain approval of exclusive casino development in Bridgeport and Hartford, Wynn said he would guarantee the state $90 million in tax revenues. When shortly after this Governor Lowell Weicker announced a deal in which the Pequot tribe would pay the state $113 million a year in exchange for the exclusive right to operate slot machines in the state, Wynn upped his bid to $140 million - about 1.6 percent of the entire 1993 state budget.[19]

Fears of Economic Decline

In their lobbying efforts, the gambling industry typically

---

[18] "Casino backers spent $2 million in Hartford," New York Times, July 7, 1993, p.24.

[19] Hartford Courant February 12, 1993; New York Times, February 12, 1993.

plays on local economic desperation. Richard Bronson, president of New City Development, the Mirage subsidiary which operated in Connecticut, described his company's proposed Hartford casino as a chance for new jobs in a moribund economy with no other choices. Mirage's casino, said Bronson, would create, "22,000 jobs at a time when insurance and defense, the backbone of the local economy, are in retreat...There's no alternative...It's not like Boeing might put a big plant here, and people have to decided whether they want Boeing or us."[20]

In 1992, a commission created by Chicago's mayor recommended a $2 billion complex of four casinos and entertainment facilities, warning that other areas of the country were competing with them for gambling dollars. The complex, they said, "will prevent other cities from using the attraction of casinos to siphon off visitors from Chicago. It will also prevent smaller, less carefully regulated casinos in neighboring states from diverting visitors who would otherwise come to Chicago and Illinois."[21]

<u>The Role of Public Relations</u>

The Chicago campaign to gain legislative approval of that complex provides a rare window on the aggressive lobbying

---

[20]Zuckoff, Mitchell and Bailey, Doug, "Cities weigh quick cash vs. social costs," <u>Boston Globe</u>, September 340, 1993, p. 1.

[21]City of Chicago Gaming Commission, <u>Report to the Mayor</u>, Chicago, IL, June 10, 1992, p. 8.

techniques used by the gambling industry.[22] Public relations consultants to three casino companies (Circus Circus, Hilton, and Caesar's World) recommended that they could build political support for their project with a campaign of getting local people to rethink "the relationship between cities and publicly sanctioned sin."[23]

As part of this effort they cautioned against using "bargain with the devil" approaches in which particular social benefits are accomplished through socially problematic activities like gambling. According to the PR consultants, other gambling promoters discredited study approaches when they claimed that revenues from a proposed state lottery would solve the crisis of the state's underfunded schools.

---

[22]From information in several 1992 internal documents obtained by the Better Government Association, a Chicago area organization opposing the complex. Reprinted in Better Government Association, Staff White Paper: Casino Gambling in Chicago, Chicago, October, 1992. See Glick, Joe and Dana Herring, A Jewel in the Crown, Glick Associates, Chicago, IL, (April, 1992); and Glick, Joe and Dana Herring, Notes on the Chicago Tourist and Convention Entertainment Project, Strategic Communications, Chicago, IL, (April 16, 1992).

[23]Glick and Herring, A Jewel in the Crown..., op. cit., p. 32.

> People have experienced a constant pullback of state funding [for schools]...precipitous rises in property taxes to fund school systems...And, now they are paying an income tax surcharge partly targeted to education funding...People will not believe it.[24]

The PR consultants suggested that the public could be convinced by using an economic impact study commissioned by the casino companies, and prepared by the Arthur Anderson accounting firm. (Our review of the Arthur Anderson study shows that it describes only the benefits and not costs - see Finding 2). Such studies, they said, could be used to enlist the support of black and Hispanic media and churches by making "a compelling and convincing case for the kind of jobs that will be created."[25] For minorities, they suggested focusing on ways of dispelling the fear of crime. For higher income whites along Chicago's lakefront they suggested highlighting economic growth, increased tourism, and the architecture of the new complex.

Traditional lobbying campaigns in which casino jobs are shown to replace lost manufacturing jobs won't work, they said, since people tend to "dismiss or discount the economic impact of the jobs to be created - 'real jobs are manufacturing jobs, not card dealing jobs.'"

---

[24]Glick and Herring, <u>A Jewel in the Crown...</u>, op. cit., p. 19.

[25]Glick and Herring, <u>Notes on the Chicago Tourist and...</u>, op. cit., p. 10.

Using focus group research with people from the Chicago area, they found skepticism about claims of economic benefits. People believed that "the claimed benefits reflect only a redistribution and not a net gain...[the casino project] will hurt other businesses...will hurt other forms of gambling [the tracks; riverboats]...will put money in Chicago and take it from here." But according to the PR consultants, public opinion on benefits and crime could be shifted:

> When people are led to think about issues of tourism, the family entertainment and casino complex things take on a different cast. It comes to be seen as a solution to the limitations and as an extension of the already existing benefits of the tourism industry...Not only is thinking about crime lessened - its victims change - from "me and my family" to "tourists"/"others"...[26]
>
> We should drop all references to this as a "family" project...Rather, if the project is viewed in terms of "tourists", "convention goers" and "vacations" (that is in terms of supportive of the "family") it becomes easier for people to accept "casinos and families" in one physical environment.[27]

To counter other opposition they called for a "proactive" strategy to argue that if casinos aren't built in Chicago, they will be built elsewhere and the city will lose out.

---

[26]Glick and Herring, A Jewel in the Crown..., op. cit., pp. 14, 15.

[27]Glick and Herring, Notes on the Chicago Tourist and..., op. cit., p. 3.

> Once people are told that there are other developers standing by to aggressively pursue the legalization of gaming in Wisconsin or elsewhere close by, people move quickly to the position that "we shouldn't make the mistake of playing a game with the businesses on taxes."[28]

People's perception of organized crime's traditional association with casinos presents the developers with a difficult, but not insurmountable, obstacle. To change this perception, they prescribe that the casino project be "positioned" in the public's consciousness with important Chicago landmarks. They also suggest that those connected with organized crime be portrayed as "businessmen" who may engage in illegal activities like skimming money rom casino revnues, but that there will still be a lot of money left over.

> By positioning this project alongside other world renowned attractions, (the Art Institute, the Lakefront, the Museum of Science and Industry, the restaurants, the Museum of Modern Art, etc.) we provide some distance between it and people's everyday lives, thereby diminishing their concerns about the everyday problems that will arise - drugs, prostitution, street crime, etc.[29]
>
> People know in their hearts that gaming and increased crime go hand in hand and there are no facts or statistics that we can use to convince them otherwise. Rather, we should acknowledge up front that increased street and organized crime are important issues to be

---

[28]Glick and Herring, Notes on the Chicago Tourist and..., op. cit., p. 5.

[29]Glick and Herring, "Notes on the Chicago Tourist and...", op. cit., p. 4.

addressed, now, as the project is being debated.[30]

> We will never be able to fully contest the association of gambling with "the mob" and we believe it would be a mistake to attempt to "protest too much". The real problem is to control the public interpretation of how to think about the association which they will inevitably make.
>
> Consistently holding to a "business rationale" for project development will maintain the more positive interpretation of "the mob" as, in fact, what everybody knows about business. And this is the kind of business that, even though there is money taken off the top, there is a lot of money left afterward.
>
> This "business rationale" when added to what everybody also knows - that the industry is heavily watched and regulated, will tend to minimize the negative and scary interpretation of the involvement of "the mob."[31]

Public Attitudes Towards Legalized Gambling

In 1992, a Harris Poll indicated that at best, the public is ambivalent about legalizing casino gambling. People tend to be strongly against it when it comes to locating casinos in their back yards. They also tend to support the right of Indian tribes to run their own casinos on their reservations. A nation-wide survey of over 1200 adults in states other then Nevada and New Jersey showed 51% opposed gambling in their own state, 46% favored it and 3% were not sure. When asked if they wanted casino gambling in their community 56% opposed it, 42% favored it and 2% were unsure. (The survey had a margin of error of plus or minus 3%). The same survey, however, showed a strong preference

---

[30]Glick and Herring, "Notes on the Chicago Tourist and...", op. cit., p. 4.

[31]Glick and Herring, A Jewel in the Crown..., op. cit., pp 25, 26.

(62% in favor, 28% opposed, 4% not sure) to allow Indians to operate casinos on their reservations.[32]

Even in New Jersey statewide voters approved casinos for Atlantic City in 1976 only after they had rejected, by a 3 to 2 margin, an earlier referendum which would have allowed casinos anywhere in the state where it was approved by local voters. The successful Atlantic City casino campaign was driven by proponents, including Resorts International, the single largest contributor of campaign funds and the eventual owner of the first Atlantic City casino, who outspent their opposition by a 60 to 1 margin.[33]

In 1992, only two years after Colorado voters approved low-stakes gambling in three rural mountain towns, a number of constitutional amendments were put before the electorate which would have allowed additional casinos in 26 towns. The proposals were overwhelmingly defeated, in one case by a four to one margin.[34]

---

[32]Harris Poll, "Public Ambivalent About Casino Gambling In General, But Opposes Allowing It In Nearest City," October, 1992. Cited in National Indian Gaming Association, Speaking the Truth About Indian Gaming, Washington, DC. (Final position papers of the Joint National Congress of American Indians and the National Indian Gaming Association, 1993).

[33]Warker, Kimberly J., Casino Gambling in Urban Redevelopment: A Case Study of the Political Economy of Atlantic City, New Jersey, College of Urban Affairs and Public Policy, University of Delaware Ph.D. Dissertation, (1988), pp. 46 - 55.

[34]Rose, "Gambling and the Law...", op. cit., p. 6.

A more significant measure of public attitudes towards government's role in promoting gambling is the reaction to video poker machines. Although these and similar slot machines are now at the leading edge of state and gambling industry's efforts to expand, a 1992 Gallup Poll found that only 38 percent of Americans approve of using video poker to raise public revenues.[35]

Other Opposition Groups

One of the major opposition groups against legalization has been law enforcement agencies. In November 1993, the attorneys general of five New England states and New York signed a joint statement questioning the economic benefits, warning of increased crime and declaring their opposition to expansion. "Gambling is not the economic cure-all it purports to be." Vermont Attorney General Jeffrey L. Amestoy said, "I'd hate to see this economic downturn blind us to the long-term costs that gambling will bring to New England."[36]

The clergy, another identifiable opposition group, have often complained about the lack of media coverage and respect for the moral as opposed to economic considerations. Describing a

---

[35]Rose, "Gambling and the Law...", op. cit., p. 2.

[36]Zuckoff, Mitchell, "6 attorneys general in bid to stop legalized gambling," Boston Globe, November 23, 1993, p. 35; Massachusetts Attorney General's Office, "Attorneys General from Five N.E. States and N.Y. Speak Out Against Expanded Gambling". Press Release, (November 22, 1993).

meeting with the Chicago Tribune's editorial board, Dr. William Koehline of the Presbytery of Chicago said, "The frame of discourse we engage in was meaningless to them. We weren't trying to persuade them to adopt our moral position, but to recognize there was a moral position." According to Shelton Duecker, bishop of Northern Illinois, "It's been almost as though they haven't had any respect for opposition forces."[37]

Important Events in the Expansion of Gambling

A number of events during the late 1980's and early 1990's helped spur lobbying efforts at further legalization . The legalization of slot machines in Montana in 1985, passage of federal legislation which allowed tribal-run gambling in 1988, the legalization of Iowa casino riverboats and electronic keno gambling in Oregon in 1991 encouraged gambling industry companies and legislators in other states to lobby for expansion. These events accelerated already existing trends towards increased governmental promotion of new lottery products.

In 1991, soon after Iowa legalized limited-bet riverboats on its side of the Mississippi River, Illinois politicians upped the ante by legalizing no-limit boats on the opposite bank. Louisiana, Missouri, and Mississippi followed with their own riverboat ideas. Now, a plethora of states, including

---

[37]Cited in Miner, Michael, "Morality? What Morality?" Reader (Chicago, IL), October 1, 1993, Section 1, p. 4.

Massachusetts and Pennsylvania, have some kind of casino boat proposal before their legislatures.

Legislators and gambling companies responded to the introduction of tribal-run casinos with their own casino, riverboat or gambling machine proposals. Untaxed Indian gaming revenues became a potent political argument for widespread gambling expansion. No sooner had Connecticut's Mashantucket Pequot tribe built that state's first gambling casino, than state politicians joined casino developer Steve Wynn in an intense campaign to legalize non-Indian casinos in Hartford and Bridgeport.

New York State's 1993 agreement to allow the Oneida Indian Nation to open the state's first gambling casino in over 120 years became a lightning rod for advocates of non-Indian gaming. Arguing for his own proposal to legalize state-wide gambling, Senator Nicholas A. Spano, a Yonkers Republican, responded, "Now we'll be giving great benefits to Indians while our tourism industry is dying and people are out of work."[38]

---

[38]Dao, James, "Cuomo Signs Pact With Indians For Casino in Upstate New York," New York Times, April 17, 1993, p. 1.

2. <u>Knowledge About Gambling Impacts: Hiding the Costs</u>

There is a critical lack of objective knowledge and research about the real economic and social costs and benefits of legalizing gambling. The research used by public officials to evaluate projects is often done by the gambling industry itself.

While legalized gambling has produced increases in some forms of employment and tax revenues, the shifting of large amounts of consumer spending to state sponsored gambling also has negative effects on other local businesses. In addition, there are other expenditures, such as those for criminal justice, regulation, problem gambling behavior and public infrastructure.

Few of the places we studied prepared useful economic impact studies prior to or after they legalized gambling ventures. Where such studies were done they tended to be self serving, examining gambling from a gambling industry, rather than an objective community economic development perspective. We found much of the research being used by policy makers and the media was prepared by the industry itself or by industry-related researchers to support the position of those who had already decided in favor of gambling proposals.

Not surprisingly, we found that many government officials and media people had no firm ideas about the broad economic development effects that legalization of particular gambling ventures would or have had on their locales. Little is known about the extent of cannibalization of existing consumer businesses caused by the diversion of existing consumer spending to gambling ventures and how this negatively impacts the jobs and revenues in existing businesses.

While some state governments require the tracking of lottery revenues and some economic impact analysis of their gambling operations, none have mandated ongoing and comprehensive studies to analyze the broad effects on a state's or community's economy. Studies may mention such economic and social costs as increased gambling addiction, problem social behaviors, crime and infrastructure expenditures, but few do so with the precision with which they describe the revenue and job generating benefits of these gambling operations.

According to a New Jersey Governor's Advisory Commission study, "Unlike most policy areas, there is essentially no national research community focusing on most gambling issues."[39] The same study called for a permanent ongoing institutional review process, to collect and assess data on the impacts of gambling, including detailed studies of "the degree to which various forms of gambling compete for the same dollars, and whether gambling policy encourages importation of entertainment dollars, lessens or increases regressivity, and stimulates or discourages ever-increasing expenditures on all gaming forms by the same group or groups of individuals."[40]

---

[39]Lehne, Richard, "A Contemporary Review of Legalized Gambling," in Report and Recommendations of the New Jersey Governor's Advisory Commission on Gambling, Trenton, N.J., (June 30, 1988).

[40]Lehne, op.cit., p. 6.

Lack of Credible Research

Too often, the results of government sponsored research are simply organizational critiques, calling for more coordination and efficiency of the public agencies involved in gambling or for new ways of increasing gambling revenues. Where the costs of legalized gambling are recognized, they tend to be presented in a cursory manner. For example, a Minnesota report on the economic effects of gambling in that state is expansive about the benefits of tribal-run gambling, yet it dismisses the potential negative effects like cannibalization of existing businesses for lack of research. "Some competing entertainment and hospitality businesses may be hurt as Minnesotans shift their discretionary spending," says the report, "but little documentation is available yet."[41]

In Illinois some economic impact studies of a proposed $2 billion Chicago casino-entertainment complex were prepared for government leaders by gaming industry companies. The studies lacked useful information about the probable impacts on other state businesses, as well as on existing gambling ventures like the lottery, racetracks and riverboats.

Our own review of existing research of social and economic

---

[41]Minnesota Planning, High Stakes: Gambling in Minnesota, Minnesota State Planning Agency, St. Paul, MN (March 1992), p. 3.

cost impacts of legalized gambling is supported by other researchers and the responses of public officials. Mike Belletire, an economist, and an Executive Assistant to Illinois Governor Jim Edgar, is one of number of public officials who complained about the lack of a useful data base for making decisions.

> Frankly, the analyses that were done were paid for largely by or on behalf of those who are proponents of this project...There is not a good reference base for me to understand the economic effect of gaming either in the broad economy or the derived revenue to the state. I have not found very helpful data.[42]

Belletire complained of the lack of information to support projections of the mix of in-state residents and out-of-town tourists who would gamble at the casinos.

> We don't have enough understanding of tourism versus local income substitution. What really happens, the casino project is being sold as generous, almost 50 percent of its business from out-of-towners. That is a powerful driving factor to one's assessment to what will happen to jobs in Illinois. If you have that induced income coming from outside the state, it clearly has a far more powerful effect on your internal economy, than if you substitute the income of the eight and one half million people who live within 75 miles of this project and say maybe they don't buy as much clothing or go to as many ball games, but they go to casinos.[43]

---

[42]Belletire, Mike, "View from the State House", Talk given at the World Gaming Congress and Expo, Las Vegas, Nevada, September 24, 1992.

[43]Belletire, op.cit.

Massachusetts's Attorney General L. Scott Harshbarger argues that proposals to expand gambling in that state:

> ...fail to assess the full costs to the Commonwealth... (w)ith gambling in Rhode Island and Connecticut and its present considerations in Maine and New Hampshire, will any out-of-state dollars really be coming to Massachusetts? Or will video poker or keno simply transfer gambling dollars away from the Massachusetts Lottery, thereby decreasing the money currently going to cities and towns?[44]

In New Jersey, Governor Jim Florio underscored the lack of information about the expansion of government-sponsored gambling. Faced with a lottery commission proposal to start a pilot program of keno gambling and opposition to this plan by Atlantic City casino owners and a union representing race track employees, the governor called for a broad study of gambling in New Jersey:

> With the dramatic changes in the gambling picture nationwide, it is time for government in New Jersey to turn its attention to strengthening its understanding of both the role that gambling plays and the interaction among various forms of gambling...We need to look at the objectives that various forms of gambling serve, and consider what level of reliance on gambling revenues is prudent.[45]

Exaggerating Claims of Benefits

Vernon George, an economic consultant for the casino industry, who also provides feasibility studies for communities contemplating riverboat gambling, says private developers usually

---

[44]Harshbarger, Scott L., "Gambling Effort Needs Rethinking," Massachusetts Lawyers Weekly, May 5, 1993, p. 10.

[45]"Florio Asks Lottery Group to Veto Keno," New York Times, January 31, 1993, p. B1.

exaggerate public benefits in order to make their proposals more attractive. "Going in, typically he will overestimate the volume of business, because that overestimates the city revenue. But in negotiating, all of a sudden it becomes clear from him that is the upside and the downside is considerably lower."[46]

The riverboat communities are in a weak bargaining position in negotiating with developers, since owners can easily move their boats to another community. Furthermore, says George, developers have no inherent interest in increasing dollars for other local businesses. The city, meanwhile, often pays for off-site improvements, such as street widening and building parking areas.

Developers will typically create a local corporation, according to George, in which ownership is held by one of the larger Las Vegas operations in addition to some local business investors. The local corporation will have no assets and if neither the Las Vegas owners nor the local business people personally sign commitments to the local community, there will be no guarantee of future revenues to pay for a city's public improvements.

---

[46]George, Vernon, "Gambling and Community Development," Panel at 1993 American Planning Association Conference, Chicago, IL, May 1-5, 1993.

Misleading Revenue Estimates

Another example of exaggerating benefits can be seen in the case of Connecticut's horse racing industry. Faced with declining income in 1993, race track owners heavily lobbied state legislators to allow slot machines ("video lottery terminals") at their tracks. The track owners trade lobbying group, the Connecticut Pari-Mutuel Association, claimed that a proposal to give them the right to operate 6,250 machines would produce about $131 million in new state taxes.

But the Association's projections were based on slot machine experience in full service casinos in places like Las Vegas and Atlantic City, where, according to Robert W. Werner, Executive Director of Connecticut's Division of Special Revenue (DOSR), the state's lottery agency, machines produce much higher returns than would be likely at bars and at racetracks.

The Connecticut Parimutuel Association assumed each machine would bring in about $192 a day - 30 percent of which would be taxed. Yet using even the most optimistic figures of more comparable machines, according to Werner, like those already operating at race tracks in neighboring Rhode Island, which he said, "are outproducing those of many other states as a result of aggressive marketing and high pay-out percentages," the accurate projection would be about $72 daily per machine and a projected annual tax revenue to the state of less than $50 million. This figure still does not include the likely revenue lost from other state operations as people shift some of their gambling dollars to slot machines from the lottery and off-track betting.[47]

Another useful comparison for estimating purposes would have been the experience of video lottery terminals (VLT's) in other states. At the height of their popularity in South Dakota, for example, shortly after they were introduced in 1989, VLT's were producing only about $80 daily per machine. Months later revenue per machine had declined to about $50 a day.[48]

---

[47]Werner, Robert W., Executive Director, Connecticut Division of Special Revenue, Letter to State Senator James Maloney and State Representative Richard Mulready, (April 27, 1993).

[48]Madden, Michael K., Rachel A. Volberg, Randall M. Stuefen, Gaming in South Dakota: A Study of Gambling Participation and Problem Gambling and a Statistical Description and Analysis of Its Socioeconomic Impacts, Business Research Bureau, University of South Dakota, Vermillion, SD, (November, 1991), p.18.

Daily Video Lottery Terminal Revenues FY 1991-92[49]

State	Number of Machines	Daily Machine Revenue
Montana	14,365	$30.85
South Dakota	6,666	$52.81
West Virginia	165	$64.24
Oregon	5,223	$60.85
Louisiana	8,968	$47.87
Rhode Island	1,334	$71.55

Media Coverage of Legalized Gambling

The media has often contributed to the public's misunderstanding about the costs and benefits of legalized gambling. While many reporters have attempted to examine all sides of the issue, the plethora of industry-related research, and the lack of available objective analysis, puts them at a disadvantage when covering gambling stories. A recent Columbia Journalism Review article notes that reporters often use information from gambling industry-related sources without critical analysis and without describing the industry ties of the researchers. Reporters will often limit opposition arguments to those of religious leaders, leaving the impression that the negative aspects of legalized gambling are restricted to moral

[49] Source: State of Connecticut, Division of Special Revenue.

differences of opinion or to zealous "do-gooders." [50]

A Chicago Tribune editorial in 1992, for example, said, "Illinois is already in the game. The only question is: Do we play to win? That's the only way to think about the prospect of legalized casino gambling for Chicago. It's no longer a question of whether gambling is desirable or moral." In a later article, the paper noted, "Also lining up against the riverboats are several of our city's very own religious and do-gooder organizations... They choose to ignore that Chicago is in a life-or-death competition for economic survival."[51]

Even sources which might at first appear to be more critical of legalized gambling expansion are often unreliable places for objective information. According to the Columbia Journalism Review article:

> Almost no source is safe, it seems. A reporter calling the National Council on Problem Gambling in New York City, for example, might expect to get an anti-gambling perspective, or at least a view that is cautious about the spread of legalized gambling. Not so, says Jeanne Falzon, the group's executive director. "That's not what my board wants me to do," says Falzon, whose board includes several gambling industry executives. Instead, the council focuses on raising money, often from the industry, for research and treatment.[52]

---

[50]Simurda, Stephen J., "When Gambling Comes to Town", Columbia Journalism Review, January - February 1994, pp. 36-38.

[51]Cited in Michael Miner, "Morality? What Morality?" Reader (Chicago), October 1, 1993, Section 1, p. 4.

[52]Simurda, Stephen, J., "When Gambling Comes...", op. cit.

Potential Positive Economic Impacts from Legalized Gambling

Gambling ventures like casinos and riverboats can generate government revenues directly through taxes on gambling revenues, through business licensing fees and taxes on items like sales, alcoholic beverages, food, fuel, hotel occupancy, utilities, property, and employees.[53] They can also impact the local economy by providing jobs to local workers and revenues to local business owners.

Both positive and negative ripple effects of gambling on state or regional economy can be calculated by using what are called "multipliers." For every job created in the casinos, additional jobs are often created elsewhere in service or support businesses like construction and transportation firms. Casino revenues can also flow to surrounding communities in the form of casino purchases of goods and services, and as purchases of housing, health care, and other expenditures by casino employees.[54]

But only new spending associated with a gambling venture, like spending by tourists who come into a region to gamble or new jobs, actually brings new money into the local economy. The wages of workers in a new industry are injected into the local

---

[53] Deloitte & Touche, Report to the City of Chicago Gaming Commission, Chicago, 1992.

[54] Midwest Hospitality Advisors. Impact: Indian Gaming in the State of Minnesota. Minneapolis, MN: 1992.

economy as they spend money for groceries, furniture, doctors, etc. Store owners and professionals, in turn, spend the money they receive from gambling industry employees on additional items, and so on, eventually going through several rounds of spending in the local economy.

But when local people substitute spending on gambling for their other expenditures, this induced impact has a negative multiplier effect of decreasing spending on other forms of recreation and businesses in the area. Nelson Rose, a lawyer and casino developer, warns of the political backlash of such negative gambling impacts on a local economy. "The best gambling operation is a tourist model, taking disposable income from non-residents...No one cares if you suck money out of tourists, but large scale casinos that do not bring in more new tourist dollars than they take away from local players soon find themselves outlawed."[55]

The Costs of Increasing Legalized Gambling

Cities which attract large numbers of visitors to their gambling ventures can expect higher costs for such services as police, health inspectors, emergency medical teams, and for upgrading transportation facilities, water and sewer systems. They can also expect additional state government spending for

---

[55] Rose, "Gambling and the Law...", op.cit., p. 17.

licensing agencies and for personnel to enforce regulations, including the investigation and auditing of gambling operations.

Cannibalization: The Diversion of Dollars From Existing Businesses to Gambling Enterprises

Money for gambling is usually diverted from people's discretionary expenditures. Not only are dollars diverted from other products and services, but governments often also lose sales taxes which would have been spent on those products and services.

Richard Syron, president of the Federal Reserve Bank of Boston, describes gambling expenditures as money extracted from other consumer spending. When a person spends an extra $20 for Keno tickets, he or she may not buy a $20 shirt. "You're just taking money from one area and putting it somewhere else," says Syron, "I don't think the reason you do this is jobs...In the long run, you're not going to get a lot of additional jobs out of it."[56]

Other financial analysts have come to similar conclusions. Margo Vignola, an entertainment analyst at Solomon Brothers, calls gambling "a zero-sum game." "The riverboats don't necessarily stimulate demand for entertainment," said Vignola.

---

[56]Blanton, Kimberly, "Banking chief disputes claims for gambling," Boston Globe, October 9, 1993, p. 1.

"They replace something else." Money spent on a slot machine, she said, is money not spent on other entertainment.[57]

One of the most useful economic impact studies we found relative to the diversion of consumer expenditures to gambling was done for South Dakota after that state legalized casinos in Deadwood and electronic gambling machines throughout the state. After only a short period (about a year) the study indicated no appreciable statewide decline in the post gaming period "taxable retail sales" overall. However, it did show significant declines for selected activities such as clothing stores, recreation services, business services, auto dealers and service stations. Sales of liquor continued in the upward direction of a previous trend which may be accounted for by increased drinking as the result of people spending more time in bars playing at the electronic gambling machines.[58]

In 1993, there were other indications of a growing national diversion of consumer expenditures to gambling enterprises. The <u>Wall Street Journal</u> reported:

...While it is impossible to assess with precision the

---

[57]Yoshihashi, Pauline, "The gambling industry rakes it in as casinos spread across the U.S.," <u>Wall Street Journal</u>, October 22, 1993, p. A1.

[58]Madden, Michael K., Rachel A. Volberg, Randall M. Stuefen, <u>Gaming in South Dakota: A Study of Gambling Participation and Problem Gambling and a Statistical Description and Analysis of Its Socioeconomic Impacts</u>, Business Research Bureau, University of South Dakota: Vermillion, SD, (November, 1991).

effects of more gambling on restaurants, retailers, movie houses, sports arenas and the like, economic data indicate that at last some areas of leisure spending have declined during the gambling boom. DRI/McGraw's figures show that broad percentage drops in recreational spending have occurred in "commercial participant amusements," that is, bowling, billiards, tennis clubs and the like.[59]

Some economists assume that about 8 percent of consumer dollars will be lost to gambling from existing entertainment activities.[60] George A. Anderson, director of the Minnesota Lottery, says his operation is "fighting movies".[61] Jim Davey, former director of the Oregon Lottery, says, "We consider our competition the entertainment dollar, so we're looking for the people that are spending their disposable income on some sort of entertainment."[62] Casinos will often also have negative economic impacts on nearby restaurants and bars.

As a way of enticing players to stay on the premises, casino owners generally include a variety of low priced food services and restaurants within their casino/hotel complexes. Food prices

---

[59]Yoshihashi, Pauline, "The gambling industry rakes it in as casinos spread across the U.S.," Wall Street Journal, October 22, 1993, p.A1.

[60]Belletire, Mike, "View from the State House," Talk given at the World Gaming Congress and Expo, September 24, 1992, Las Vegas, NV.

[61]Anderson, George A., "Casinos and Lotteries: Can They Co-Exist?" Panel discussion at the World Gaming Congress and Expo, September 22-24, 1993, Las Vegas, NV.

[62]Interview with Jim Davey, former director of the Oregon Lottery, September 17, 1992.

are often subsidized or "comped" - that is, given free to the more avid gamblers. As a result, independent restaurants close by have difficulty competing with those in the casinos.

According to Scott Allmendinger, editor of Restaurant Business, a national restaurant trade journal, "For 15 years, casino hotels have been dumping millions of dollars worth of food and beverage on Atlantic City - $234 million worth in 1991 alone - in order to keep the gamblers as close to the tables as possible...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%."[63]

In Atlantic City the number of restaurants declined from 243 in 1977, the year after casinos were legalized there, to 146 in 1987. Casinos can use their free meals and drinks to promote gambling as write-offs against their casino profits. By 1991, Atlantic City casinos were dedicating $234 million for promotional food and drinks.[64]

In New Orleans, a state wide restaurant trade association successfully lobbied to limit the number of restaurant seats

---

[63]Allmendinger, Scott, {Editorial}, "Can't Compete with Free". Restaurant Business, November 20, 1992, p. 8.

[64]Oleck, Jan, "Are They Gambling With Your Future?," Restaurant Business, November 20, 1992, p. 110.

which will be allowed in a single casino to be built in that city. But even there, spending is expected to be siphoned away from existing businesses. According to Timothy Ryan, a University of New Orleans economist, the new casino will direct over $62 million from all retail businesses, excluding hotels. That money, he says, will be shifting from the dollars which would have been spent by residents as a tourist destination without the casino. Some new casino visitors will go to good restaurants outside the casino, but Ryan believes more visitors will tend to be "middle to lower income" people who "will take advantage of the cheap, subsidized food service in the casino."[65]

The most straightforward assessment of the economic impact of casinos on local businesses was given by one of the nation's largest casino developers. When Steve Wynn proposed a casino for Bridgeport, Connecticut in 1992, he made a clear distinction between employment and business in his casino and that of the surrounding area:

> 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

[65]Oleck, op. cit.

> illogical to expect that people who won't come to Bridgeport and go to your restaurants or your stores today will go to your restaurants and stores just because we happen to build this building here.[66]

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 business in that city declined by about a third.[67]

The Effects of Gambling Operations on Local Property Values

Land speculation in areas near casinos can lead to both increased and decreased property values. If land is considered a possible casino site, speculators bid up its price. As a result, taxes on these properties rise as well. These high property values make it difficult to run small businesses or rent to low-income people. In Atlantic City, homelessness increased after the introduction of casinos, while clothing stores and eating and

---

[66]Judson, George, "Mirage Resorts Offers Plan for Gambling on the Bridgeport Waterfront," New York Times, November 13, 1992.

[67]Hamer, Thomas P., "Regional Economic Impact of the Atlantic City Casino Industry." Paper presented at the Sixth National Conference on Gambling and Risk Taking, Atlantic City, December 9-12, 1984.

drinking establishments declined. Only a few retail stores opened in the off-Boardwalk and downtown areas.[68]

A study of the effects of casinos on real estate values in the Atlantic City region estimated that many communities which weren't potential casino sites lost enormous sums of money as real estate values dropped in the wake of increased crime levels. As real estate buyers perceived more crime, they offered lower prices for houses - a process resulting in homeowner losses on their investments and city losses on property taxes. 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.[69]

Crime

The legalization of casino gaming in Atlantic City is often cited by casino opponents as a major factor in the rapid growth of that city's crime rate. Since 1978, when casinos were first developed in Atlantic City, the city's crime index exceeded that of the state as a whole. By 1981, there was a near tripling of

---

[68]Scott, Loren C., and Earl Ryan, The Economics of Casino Gambling, Louisiana State University Press: Baton Rouge, LA (1987).

[69]Buck, Andrew J., Simon Hakim, and Uriel Spiegel, "Casinos, Crime, and Real Estate Values: Do They Relate?" Journal of Research in Crime and Delinquency, Vol. 28, No. 3, (1991), pp. 288-303.

total crimes.[70] 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.

A study of the impacts of casino gaming on Atlantic City and its surrounding areas found that not only did crime spill over to surrounding areas which were easily accessible from Atlantic City, but some of these areas had no measurable economic benefit from casino development.[71]

While casino promoters in Atlantic City promised an economic renaissance, what actually happened was far different. In 1977, an act legalizing casinos in Atlantic City incorporated in writing a positive outlook.

> Legalized casino gambling has been approved by the citizens of New Jersey as a unique tool of urban redevelopment for Atlantic City...(it) will facilitate the redevelopment of existing blighted areas, and the refurbishing and expansion of existing hotel convention, tourist, and entertainment facilities.[72]

---

[70]Sternlieb, George, and John W. Hughes, The Atlantic City Gamble, Harvard University Press: Cambridge, MA, (1983), pp. 132-153.

[71]Friedman, Joseph, Simon Hakim and J. Weinblatt, "Casino Gambling as a 'Growth Pole' Strategy and Its Effect on Crime," Journal of Regional Science, Vol. 29, No. 4, (1989), pp. 615 - 623.

[72]Casino Control Act, New Jersey Statutes Annotated, Sections 5:12-1(b)(4), (West Publishing Supplement 1981-1982), Cited in Kimberly J. Warker, Casino Gambling in Urban Redevelopment: A Case Study of the Political Economy of Atlantic City, New Jersey, Ph.D. dissertation, College of Urban Affairs and Public Policy, University of Delaware, (1988), p. 57.

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. A 1988 New Jersey Governor's commission stated, "It is clear that retail business and retail employment in Atlantic City have continued to decline despite the presence of gambling, and that rampant speculation has rendered the redevelopment of vast parts of Atlantic City difficult if not impossible."[73]

Problem Gambling Costs

A major cost of increased legalized gambling results from the additional numbers of people who become addicted or problem gamblers. The American Insurance Institute estimated that 40 percent of all white-collar crime had its roots in gambling.[74] According to Henry R. Lesieur, the editor of the Journal of Gambling Studies, and Chair of the Department of Criminal Justice Sciences at the University of Illinois at Normal, "Available evidence suggests that where more forms of gambling are legal,

---

[73]Report and Recommendations of the Governor's Advisory Commission on Gambling, Trenton, New Jersey, June 30, 1988.

[74]Minnesota Planning, High Stakes: Gambling in Minnesota, St. Paul, MN, March,1992.

there is a higher incidence of problems and pathological (compulsive) gambling."[75]

Research compiled by Lesieur and others demonstrates that the social and economic costs of behavioral gambling problems, while sometimes difficult to quantify, are considerable - not only to the individuals and families involved, but to the general public. Lesieur cites studies which indicate that "the mean gambling-related debt (excluding auto loans, mortgages and other 'legitimate' debt) of people in compulsive gambling therapy ranged from about $53,000 to $92,000."[76] This is only the debt they've accumulated, he says, not including debts already paid off. He estimated that compulsive gamblers in New Jersey were accumulating over $514 million in yearly debt, an amount which didn't include other costs related to this debt, like bankruptcy proceedings.[77] He also cites research in which 18 percent of the men and 8 percent of women who sought treatment for problem gambling had gone bankrupt as a result of their gambling debts.

---

[75]Lesieur, Henry R., "Compulsive Gambling: Documenting the Social and Economic Costs," April 23, 1991, unpublished manuscript from the author.

[76]Lesieur, Henry R., "Compulsive Gambling," Society, May/June 1992, p.44. This article is an excellent quick review of the existing research in this area.

[77]Lesieur, Henry R., "Compulsive Gambling: Documenting...", op. cit.

The work habits of problem gamblers are costly to their employers. As Lesieur notes, people with gambling problems are often preoccupied at work with their gambling losses or with trying to figure ways of winning back money they've lost. The results are "irritability, moodiness, and poor concentration on work."[78] He also reports that, "Pathological gambling appears to compound the already high costs of psychoactive substance abuse...chemical dependency combined with gambling problems may place pathological gamblers at greater risk of incarceration." In one study, pathological gamblers were shown to have a suicide rate five to ten times higher than the rest of the population.[79]

Pathological gamblers tend to engage in forgery, theft, embezzlement, drug dealing and property crimes to pay off gambling debts. They are responsible for an estimated $1.3 billion worth of insurance-related fraud per year. As a result, insurance companies paid fraud victims an average of $65,000.[80]

Some of the most useful recent research on the costs of problem gambling was done by Rachel Volberg, a medical sociologist who has examined this problem for the past ten years. Her estimated cost to the public of the average pathological gambler in 1981 was approximately $13,600 -- a figure she

---

[78]Lesieur, "Compulsive Gambling", Society, op.cit., p. 47.

[79]Ibid., p.46.

[80]Ibid., p.45.

describes as a "much more conservative approach to costs" than she found in previous studies.[81] Her analysis uses data from an earlier study by researchers at Johns Hopkins University who had obtained financial histories of twenty-eight people randomly selected from a group of 102 pathological gamblers in treatment.[82] While her analysis and previous ones are based on small samples, they represent, given the lack of such research, a significant initial effort to quantify the public costs associated with the increase in gambling opportunities.

Our even more conservative analysis, based on Volberg's findings, results in a smaller figure for yearly direct social costs per pathological gambler, but also recognizes a large range of additional social consequences which are costly, but difficult to quantify.

Volberg's analysis covers three basic categories: 1) the income which would have been earned by pathological gamblers who lost their jobs; 2) the costs of prosecuting and incarcerating them for crimes caused by their gambling problems, such as

---

[81]Volberg, Rachel, "Assessing the Social and Treatment Costs of Gambling," From an unpublished talk given at the Seventh National Conference on Gambling Behavior, sponsored by the National Council on Compulsive Gambling; New London, CT, (July 22 - 24, 1993). Data is from 1981 according to Volberg, (Personal Communication), March 1, 1994.

[82]Politzer, Robert M., James S. Morrow and Sandra B. Leavy, "Report on the Cost-Benefit/Effectiveness of Treatment at the Johns Hopkins Center for Pathological Gambling," Journal of Gambling Behavior, Vol. 1, No. 2, Fall/Winter 1985, pp. 131-142.

embezzlement, fraud, and theft; and 3) "bailout costs" -- money given to them by family and others to cover their gambling expenses and living needs. We found this last category problematic, since bailout costs don't represent a direct economic loss to society as a result of pathological gambling, in the same way that lost income or criminal justice expenses do.

In our calculations, we take only 20 percent of Volberg's estimate of $6,000 in annual average bailout costs per pathological gambler, or $1,200, on the assumption that as much as 80 percent of the "bailout" may find its way back into the economy to pay for the gambler's food, shelter, or other living expenses. While this may be overly conservative, our estimate of yearly social costs in 1981 would have been approximately $8,800 per pathological gambler. Adjusting this for inflation, social costs are currently approximately $13,200 per pathological gambler.

Added to these costs of pathological gambling are those which are less easily quantifiable, but no less significant. According to the Johns Hopkins researchers, these include impaired judgement and efficiency on the job, lost productivity of spouses, unrecovered loans to pathological gamblers, divorces caused by gambling behavior, added administrative costs in programs like unemployment compensation, the costs of depression and physical illnesses related to stress, lower quality of family life and increased suicide attempts by gamblers and spouses of pathological gamblers.[83]

Volberg's 1991 analysis of the social cost impacts of pathological gambling in Connecticut indicated that 2.7 percent of the population of that state were "lifetime probable pathological gamblers" and that 60 percent of this group could be considered "current probable pathological gamblers." She estimated the total social cost of pathological gambling in Connecticut that year was $554 million. During the same year, total revenues to the state from legalized gambling were only $362 million -- a total which includes purchases by gambling ventures and the creation of 2,500 jobs in these operations. The costs of legalization, according to Volberg, were running at one and a half times the benefits.

Using our own lower adjusted costs of $13,200 per pathological gambler, the social cost of this problem in Connecticut are currently estimated at $539 million per year. This figure of course only represents the most extreme cases of problem gambling and does not include the costs which result from "normal" gamblers who get into financial trouble as a result of their gambling. Nor does it include the less quantifiable social costs we mentioned earlier.

---

[83]Politzer, Robert M. et. al., <u>op. cit.</u>

Volberg's experience with the lack of useful government gambling research prior to legalization was similar to ours. "In considering initiatives to legalize different types of gambling," she says, "very few state and provincial governments have attempted to balance estimates of economic benefits with estimates of social costs."[84]

Additional Future Costs of Problem Gambling

Presently, there is considerable debate about whether or not the behavioral problems of gambling are a "disease", or health problem, or simply a problem of bad habits, a kind of moral deficiency or lack of responsible behavior. How the problem gets labelled, however, is not simply a matter of accurate classification, but one that involves enormous public and private costs and who pays for these costs.

The American Psychiatric Association, Gamblers Anonymous and the National Council on Problem Gambling have described gambling addiction as a disease and are lobbying for more research and treatment money to deal with the problem. Although some health insurance companies provide coverage for gambling problems, most shy away from the disease definition and are generally unwilling to pay for treatment, especially that involving expensive forms of in-patient procedures.

---

[84]Volberg, "Assessing...", op. cit.

Some insurance payments for treatment are becoming available, however, as treatment centers find ways to call gambling problems "depression" - a medical condition - rather than addiction. "Many professionals are coding compulsive gambling as depression," according to Betty George, executive director of the Minneapolis Council on Compulsive Gambling. "The real reason this is being done is so they will get paid for treating their clients." John Kelly, a spokesman for Empire Blue Cross and Blue Shield says, "If there are other mental problems associated with compulsive gambling, for example, severe depression, we would address that."[85]

At present an addicted gambler can wait up to 6 months in those states which do have treatment services available.[86] As gambling becomes more prevalent through increased legalization, there is likely to be a growing constituency that will advocate more government and health insurance money for treatment and research. The result is likely to be increased government expenditures and higher health insurance premiums to pay for these additional costs.

---

[85]Marriott, Michael, "Fervid Debate on Gambling: Disease or Moral Weakness?" New York Times, Nov. 21, 1992, p. 1.

[86]Lesieur, "Compulsive Gambling: Documenting...", op. cit.

The Need to Acknowledge Costs

The most benign explanation for the tendency to gloss over negative impacts may be the difficulty of identifying and quantifying social costs. It might be argued that a cause and effect relationship is difficult to prove and that some consequences arising after gambling is introduced may not necessarily be the result of the casinos themselves. It might also be argued that it takes longer for social costs to evolve than it does for economic ones. However, we believe that none of these reasons are sufficient to simply ignore the problems of costs or to provide misleading analyses of benefits.

3. Analysis of Gambling Economic Impact Studies

In general, in the fourteen studies analyzed, claims of economic benefits were exaggerated, while costs were understated. Most could not be considered objective descriptions of economic benefits and costs. Ten of the reports were either unbalanced or mostly unbalanced.

We examined a large number of reports and public documents which purport to describe the economic and social impacts of existing and proposed legalized gambling ventures. We chose fourteen of these, which we believed broadly represented the kinds of analysis and documentation being used by public policy makers and the media to analyze, promote or reject legalized gambling. We judged these documents by how objective they were in examining all of the costs as well as the benefits of legalized gambling ventures. The reports were placed in one of the following four categories according to the extent to which this criterion was actually met:

(1) Unbalanced: Little or no mention is made of the negative costs of casino gambling.

(2) Mostly Unbalanced: Some negative aspects are covered, but only marginally so.

(3) Mostly Balanced: There is an attempt to be objective, but there are some significant shortcomings.

(4) Balanced: There appear to be objective views on most, if not all, issues of gambling.

We found that of the fourteen studies we analyzed, most were either totally or mostly unbalanced in describing cost impacts. These studies tended to cover the increase in employment and tax revenue generated, while neglecting or downplaying the fiscal and social costs associated with these ventures. Nearly half the reports were considered unbalanced and only one of them could be considered balanced.

UNBALANCED

Arthur Andersen & Co., Impact of the Proposed Chicago International Entertainment Center on Chicago Metropolitan Area Tourism, Employment, and Tax Revenue, (May 21, 1992).

Candace Evart Fox, Fiscal Impact Analysis - Casino Gambling and the Public Sector, Institute for the Study of Gambling, University of Nevada, Reno, NV, Presented at the Eighth International Conference on Risk and Gambling, London, England, (August, 1990).

Midwest Hospitality Advisors/Marquette Partners, Impact: Indian Gaming in the State of Minnesota, (Minneapolis, 1992).

Minnesota Indian Gaming Association, Economic Benefits of Tribal Gaming in Minnesota, (1992).

Oakland Econometrics, The Economic Impact of a Single Casino on the New Orleans and Louisiana Economies, New Orleans, LA., (December, 1986).

Panell, Kerr, and Forster, Gambling Impact: An Overview of the Effect of Legalized Gambling in the City of New Orleans, Prepared for the Gaming Committee of the Greater New Orleans Tourist and Convention Commission, New Orleans, LA, (April, 1986).

John H. Qualls, The Economic Impact of Riverboat Gaming on Economic Activity in the Springfield, Massachusetts Area, Micro Economics, Ltd., St. Louis, MO, (April, 1993).

G.M. Slusher, The Casino Gaming Industry and Its Impact on Southern New Jersey, Atlantic County Division of Economic Development, Atlantic City, NJ, (January, 1991).

MOSTLY UNBALANCED

Christiansen/Cummings Associates, Inc. Legal Gambling in Connecticut: Assessment of Current Status & Options for the Future, New York, (1992).

Deloitte & Touche, Economic and Other Impacts of a Proposed Gaming, Entertainment and Hotel Facility, Prepared for the City of Chicago Gaming Commission, Chicago, IL, (May 19, 1992).

MOSTLY BALANCED

Michael K. Madden, Rachel A. Volberg, Randall M. Stuefen, Gaming in South Dakota: A Study of Gambling Participation and Problem Gambling and a Statistical Description and Analysis of Its Socioeconomic Impacts, Business Research Bureau, University of South Dakota, Vermillion, SD, (November, 1991).

Minnesota Planning, High Stakes: Gambling in Minnesota, St. Paul, (March, 1992).

Governor's Advisory Commission on Gambling, Report and Recommendations of the Governor's Advisory Commission on Gambling, Trenton, NJ, (June 30, 1988).

BALANCED

Ryan, Timothy, Patricia J. Connor, and Janet F. Spreyer, The Impact of Casino Gambling in New Orleans, Division of Business and Economic Research, University of New Orleans, (May, 1990).

Unbalanced Studies

A report commissioned by the sponsors of a proposed Chicago casino-entertainment complex and prepared by Arthur Andersen &

Co., described the benefits of increased tourism, job creation, and tax revenue generation. According to the report:

> The complex will attract a large number of new tourist visits to Chicago, which in turn, will create hundreds of millions of direct and indirect spending...City, county, and state government will benefit immensely from the tax revenues generated by economic activity created by the entertainment complex.[87]

After extolling such benefits, including the projected creation of 66,000 new permanent jobs, the report exempts itself from any analysis of social or economic costs. "The project will undoubtedly affect Chicago in many ways other than tourism, employment and taxes. However, the analysis of those effects is beyond the scope of this report." A further disclaimer says that the report fails to look at scenarios of national economic change in gambling markets. These factors will obviously impact the consultant's optimistic projections, and by excluding them, the report becomes a nearly useless base of information for decision makers.

> The combined effect of the national and local economies, the possibility of gaming evolving in other localities, the evolution of forms of entertainment which would compete with the complex, all make our study results subject to many changes between the date of its release and the opening of the complex.[88]

---

[87]Arthur Andersen & Co., <u>Impact of the Proposed Chicago International Entertainment Center on Chicago Metropolitan Area Tourism, Employment, and Tax Revenue</u>, (May 21, 1992).

[88]Andersen, op. cit., pp. 2, 4, 8, 12.

Two studies of Indian gaming in Minnesota by the Minnesota Indian Gaming Association and Midwest Hospitality Advisors/Marquette Partners, presented only the positive benefits of casinos. One of the studies was published by an organization which includes members from each of the eleven tribes involved in tribal-run casinos in Minnesota. The other was commissioned by Sodak Gaming Supplies, Inc., and was used for public relations and lobbying efforts.

In 1986, two reports were prepared to estimate the economic impacts of proposed casinos in New Orleans - one was done by an "econometrics" company working for Resorts International, a casino developer,[89] and the other by an accounting firm, for the Greater New Orleans Tourist and Convention Commission[90] Both studies were used by New Orleans' Mayor Sidney J. Barthelemy in 1989, to support his proposal to legalize a single large casino for that city.

Citing new job and economic impact estimates from a low of about 6,000 workers and $870 million in the accounting firm

---

[89]Oakland Econometrics, The Economic Impact of a Single Casino on the New Orleans and Louisiana Economies, New Orleans, LA., (December, 1986).

[90]Pannell, Kerr, and Forster, Gambling Impact: An Overview of the Effect of Legalized Gambling in the City of New Orleans, Prepared for the Gaming Committee of the Greater New Orleans Tourist and Convention Commission, New Orleans, LA., April, 1986.

report, to a high of 69,000 workers and $4.3 billion in the other, the mayor concluded:

> The development of a single 200,000 square foot gambling casino in the City of New Orleans by any analysis, would have a very dramatic economic impact on the city, as well as the state.[91]

While the mayor acknowledged the need to address the additional requirements in criminal justice posed by the casino, neither he nor the economic impact reports he used as a basis for his judgments make mention of any other costs, such as those related to increased problem gambling behavior or the diversion of consumer spending from other businesses to the new casino.

When the Atlantic County Division of Economic Development examined the impacts of casinos on Southern New Jersey, only the positive impacts of the casino industry were described.[92] The stated purpose of the report was to motivate citizens and business people to become more involved with the economic development of the county.

In an analysis of three cities which had or were proposing to offer casino gambling - Laughlin, Nevada, Council Bluffs,

---

[91]Barthelemy, Sidney J., A Review of Studies on Casino Gambling in New Orleans, New Orleans, LA, May 8, 1989, (Report by the Mayor).

[92]Slusher, G.M., The Casino Gaming Industry and Its Impact on Southern New Jersey, Atlantic County Division of Economic Development, Atlantic City NJ, January, 1991.

Iowa, and Winnipeg, Canada - the costs of public services provided to the casinos by the cities were said to be less than the public sector revenue generated by them.[93] However, no costs for social impacts had been factored into this analysis.

In the unbalanced category we also list a 1993 economic impact report for a proposed riverboat casino on the Connecticut River in Springfield, Massachusetts. We found this to be a typical example of the study which purports to be a technical economic analysis and is in fact a promotional document paid for by a casino company. A brochure for an unnamed casino developer was used in a lobbying campaign among local community leaders, residents and state legislators. The brochure notes that "Micro Economics Ltd. of St. Louis has studied the economic impact of riverboat gaming for Springfield," and follows with a description of the thousands of jobs and millions of dollars in local and state government revenues which would result from the riverboat development.

To examine this proposal, we studied the Micro Economics report, which again makes no reference to who paid for it; it simply says "several public companies have expressed an interest in constructing a riverboat gaming vessel and supporting shore

---

[93]Fox, Candace E., Fiscal Impact Analysis - Casino Gambling and the Public Sector, Presented at the Eighth International Conference on Risk and Gambling, August, 1990.

facilities...The purpose of this report is to evaluate the impact that such a facility would have on the Springfield area economy and on state and local tax collections."[94]

The document lists projected jobs created, rises in area income and rises in local and state government revenues with no indication of how they arrived at these numbers. An examination of some figures raises doubts about their accuracy. For example, average annual direct wages at the facility are projected to be $25,000 before tips.[95] Yet in Las Vegas beginning craps dealers make about $7,700 before tips, while advanced black jack dealers make about $10,600.[96]

Only a passing reference is made to cannibalization of other businesses with no indication of how much income or the type and number of jobs that will be lost as a result of the new riverboat. "These are net new jobs," says the report, "after allowing for spending diversions of area residents from existing expenditure patterns."[97] While the Springfield report purports to evaluate the economic impact that the new riverboat would have

---

[94]Qualls, John H., The Economic Impact of Riverboat Gaming on Economic Activity in the Springfield, Massachusetts Area, Micro Economics, Ltd., St. Louis, MO, (April, 1993), p. 3.

[95]Qualls, op.cit., p. 3.

[96]Nevada Employment Security Department, cited in Better Government Association, op. cit., p. 60.

[97]Qualls, op.cit., p. 1.

on the local and state economy, no mention is made of costs for increases in the criminal justice system, regulatory activities or problem gambling. Instead, it concludes that riverboat gaming "would have an unambiguously positive impact on the area's economy, boost area sales, employment, income, and both state and local governments' tax collections." Elsewhere it says the operation "appears to be a win-win economic proposition for the entire Springfield metropolitan area and the state of Massachusetts."[98]

Mostly Unbalanced Studies

In this group, a report by Deloitte & Touche, an accounting and business consulting firm, for the City of Chicago Gaming Commission mentions some potential negative impacts, such as the effect of the proposal on other tourist attractions and other forms of gambling.[99] While it also comments on local product substitution, municipal fiscal costs, and state fiscal costs, there is no mention of economic or social costs such as problem gambling treatment, bankruptcies and family problems related to compulsive gambling. "In analyzing the fiscal cost impacts, we

---

[98] Qualls, op.cit., p.10.

[99] Deloitte & Touche, Economic and Other Impacts of a Proposed Gaming, Entertainment and Hotel Facility, Prepared for the City of Chicago Gaming Commission, Chicago, IL, May 19, 1992.

considered direct impacts only and focused on the services provided by the City of Chicago and the State of Illinois."[100]

In Chicago, the estimates of the economic benefits of four new proposed casinos varied widely. The Deloitte and Touche report assumes 45 percent new activity generated by the casinos would result in 39,000 new jobs. Using the Illinois governor's office assumption or 17 percent new activity, John Crihfield, an economist, arrived at only 13,000 new jobs. Meanwhile, another economist, Tim Ryan, estimated bringing casinos to Chicago would leave the city's existing restaurants with a $200 million loss.[101]

In order to portray positive economic impacts, the Deloitte and Touche report drastically overestimated dollars spent by gamblers coming to the casinos from outside the Chicago area, while underestimating the amount of gambling by local residents. According to Earl L. Grinols, an economics professor at the University of Illinois in Champaign-Urbana, and a former Senior Economist for the President's Council of Economic Advisors:

> Even though three out of five or more gamblers will be Chicagoans, D&T find that only 29 percent of revenues will come from Chicagoans, but that a very generous 41 percent will come from those further than 300 miles away.

---

[100]Deloitte & Touche, op. cit., p. 15.

[101]Oleck, Joan, "Are They Gambling With Your Future?", Restaurant Business, November 20, 1992, p.110.

> How do they do this? Their assumptions imply that Chicago casinos will get only $65.12 per person over 21 within 35 miles of Chicago, compared to Atlantic City's $198.84 per person and Las Vegas's $105.88 per person. Thus they assume a number outside the range of experience of the only two comparably large casino operations. Moreover, Chicago has 17 percent higher income per capita on average than Las Vegas. (Adjusting for income differences between Chicago and Las Vegas places the Las Vegas experience at $123.73.)
>
> D&T's explain their lower figure by assuming that Chicagoans will visit the casino only 1.38 times per year on average compared to Las Vegas's 3.64 times and Atlantic City's 3.44 times. Again, this is a number outside the range of previous experience.[102]

In Connecticut, an over $200,000 dollar consultant's study on gambling came to the conclusion that with the exception of casino gambling, operations like OTB, jai alai, and the Lottery, were either "mature" or in decline, and that the state "must" consider new gambling options in order to expand revenues.

> The continuing weak performance of existing games, coupled with new competition both from other States and from the new casino, will result in further erosion of revenues both to the State and to its current legal gambling industries...Connecticut's private pari-mutuel licensees, and its State-operated OTB system, are projected to experience increasing deficits in the years ahead...Faced with this rather bleak future, the State of Connecticut must consider new gambling options.[103] (their underline)

The study makes no significant mention of public and private costs other than to note that problem gambling is a problem, that

---

[102]Grinols, Earl L., Summary of remarks to Senate Executive Committee, Subcommittee on Gambling, State of Illinois Center, Chicago, IL, (June 8, 1993), from the author.

[103]Christiansen/Cummings Associates, Inc. Legal Gambling in Connecticut: Assessment of Current Status & Options for the Future, New York, NY, (1992), p. iii.

the state's percentage of compulsive gamblers is 2 percentage points higher than a number of other eastern states, and that the state should take steps to prevent problem gamblers. There is no mention of how spending substitution affects other non-gambling businesses in the state.

In an eighteen page summary of recommendations, most of which are devoted to how to increase state revenues through increased gambling, only two paragraphs describe the negative aspects of legalized gambling in the state. These are limited to general prescriptions about the need to prevent problem gambling through education and treatment, and to provide more funds for doing this.

> Connecticut's efforts to prevent and treat problem gambling should be increased and reoriented. These efforts should be focused in three areas: prevention and education, professional education and training, and professional treatment services...Better funding mechanisms should be established for these services.[104]

More particularly the study calls for a larger advertising budget for the lottery, incentives to get lottery agents to sell more tickets, the use of more enticing games, installing video lottery terminals (VLT's) at the state's existing pari-mutuel betting operations and the development of more simulcast racing facilities around the state.[105]

---

[104]Christiansen/Cummings...op. cit., p. xxi.

[105]Christiansen/Cummings... op. cit., pp. v to ix.

The Connecticut study was the latest in a series of consultant reports on the status of gambling in the state - these reports are required every five years by state law. The lengthy report, however, is a promotional, rather than objective, view of gambling, giving policy makers, residents, and the media a distorted perspective of the impacts of gambling in Connecticut. Eugene Christiansen, one of the principals of Christiansen/Cummings, the firm which prepared the report, is a frequent contributor to Gaming and Wagering Business, a gambling industry trade magazine and according to a recent article in the Columbia Journalism Review, makes about half of his income from the gambling industry.[106] While Christiansen's writing tends to be promotional, no mention is made of his views in the Connecticut report.[107]

Mostly Balanced Studies

A New Jersey Governor's Advisory Commission on Gambling report makes several recommendations to lessen negative social impacts.[108] It suggests balanced advertising with information on

---

[106]Simurda, Stephen J., "When Gambling Comes to Town", Columbia Journalism Review, January-February 1993.

[107]For examples of Christiansen's viewpoint see his two-part series in: Christiansen, Eugene, "1992 Gross Annual Wager", Gaming and Wagering Business, (July 15 - August 14, 1993), and the continuation in Gaming and Wagering Business, (August 15 - September 14, 1993).

[108]Report and Recommendations of the Governor's Advisory Commission on Gambling, Trenton, NJ, June 30, 1988.

compulsive gambling, compulsive gambling programs and increased efforts to control underage gambling. It cautions state governments against dependence on gambling revenues, since there is no assurance that revenue levels will stay high, and observes that governments could become allies of the industry rather than regulators.

While the Commission believed that organized crime has been kept out of casino ownership, it nevertheless felt it had infiltrated the businesses and labor unions servicing the casinos. It was aware of increases in street crime, but said it lacked sufficient research to know whether or not casinos had an independent effect on this crime.

A report published by the Business Research Bureau at the University of South Dakota contained two studies of legalized gambling in South Dakota - one, a survey of the prevalence of problem and pathological gamblers in the state; the other, an analysis of the socioeconomic impacts of gambling, including the economic impacts on non-gambling business, and the effects on social factors such as aid to dependent children, food stamps, child abuse and neglect, divorces, bankruptcies, and foreclosures.[109]

---

[109]Madden, Michael K., Rachel A. Volberg, Randall M. Stuefen, Gaming in South Dakota: A Study of Gambling Participation and Problem Gambling and a Statistical Description and Analysis of Its Socioeconomic Impacts, Business Research Bureau, University of South Dakota, Vermillion, SD, November, 1991.

While we did not consider this report a totally balanced one (it lacked, for example, any cost analysis of problem gambling and increased crime), we did believe it one of the most significant and useful of all the reports we studied. This was the only study which attempted to examine the economic impacts of new gambling activities on specific non-gambling industries in the state. It attempted to calculate the substitution effect caused by the diversion of consumer expenditures into newly established state-wide slot machines and casinos in Deadwood, S.D. According to this report:

> Those demonstrating a substitution effect include apparel and accessory stores, recreation services, automobile dealers and service stations, and, to lesser degrees, furniture stores, and business services. As expected many of the sectors in which spending has been substituted for gaming tend to be dependent on discretionary income. Eating and drinking establishments have experienced increases in sales reflecting their obvious complementarity to the video lottery in particular. Liquor and beer sales have also been positively impacted because of their complementarity to gaming.[110]

In addition, the economic report noted that the advent of new gambling ventures had produced a decline in taxable sales of non-gambling industries in the year following their introduction. "It appears that approximately $60 million in taxable sales have

---

[110]Madden, op.cit., pp. 35, 36.

been substituted in favor of video lottery, Deadwood and perhaps other forms of gambling."[111]

One of the most serious drawbacks of this report was the somewhat contradictory messages of its problem gambling study and its economic impact analysis. The problem gambling study estimated that:

> ...at a minimum, over 8,000 adults in South Dakota have experienced moderate to severe problems related to their involvement in gambling. For nearly half of these individuals, their gambling problem or pathology is current...the results of this study indicate that there are costs associated with gambling involvement among South Dakota residents, including financial, interpersonal and personal problems.[112]

Meanwhile, the economic report states:

> Evidence accumulated to date suggests that, except for the unique cases of the City of Deadwood and Lawrence County, no significant amounts of local expenditure has occurred in connection with gaming. Although some communities can perhaps make the case that additional law enforcement work activity has occurred it is difficult to document actual budgetary increases within units of local government. This does not imply that additional services and therefore costs will not actually take place in the longer term. Should gaming activity influence social phenomena in the future, an ultimate cost may be incurred by local units of government.[113]

The fact that governments were not presently paying direct costs for problem gamblers doesn't mean that governments weren't

---

[111]Madden, op.cit., p. 36.

[112]Madden, op.cit., pp. 12, 13.

[113]Madden, op.cit., p. 55.

actually paying for them indirectly. When problem gamblers have to pay for counseling treatment, when they go bankrupt, lose their jobs or have family problems, when they embezzle or write bad checks, governments lose tax dollars and pay for criminal justice costs. The difficulty of documenting current budgetary increases can't be taken as evidence of lack of government financial stress. That a budget doesn't increase may simply mean, for example, that there are insufficient public funds available to cover needed expenditures.

Another mostly balanced report was one by the Minnesota state planning agency which mentioned such negative social consequences as compulsive and underage gambling, family disruption, crimes, and problems at work.[114] The authors of the report believed without supporting evidence, that more general problems such as crime, drug abuse, and alcoholism are of less concern, since the casinos are dispersed and isolated. The report, however, was unique in raising concern that casinos are not necessarily a good long-term economic base and suggested using gaming revenues for investing in education and economic diversification.

[114]Minnesota Planning, High Stakes: Gambling in Minnesota, St. Paul, March,1992.

Balanced Studies

The only study we considered balanced was a 1990 report on alternative proposals for casino development in New Orleans prepared by three researchers at the University of New Orleans.[115] This report looked at the potential social and economic impacts of three possible casino developments: a single "European style" casino (no slots or other machine games); an unlimited number of Las Vegas-Atlantic City type casinos; and thirdly, the type of casino development being considered by the state legislature at the time of their research -- a single, state-owned "Las Vegas style" casino (this type was in fact built).

We are critical of some assumptions used by these researchers in making their projections, such as that "only those above the poverty line in the area would play."[116] Their estimated costs also lack an accounting for increased counseling and other social service care for problem gamblers as well as the

---

[115]Ryan, Timothy P., Connor, Patricia J. and Speyrer, Janet F., The Impact of Casino Gambling in New Orleans, Division of Business and Economic Research, University of New Orleans, May, 1990.

[116]Ryan, op. cit., p. 10. We were also critical of their lack of clarity about the effect of a single large casino on the business climate of the city - "it is not clear if the existence of a single casino will severely diminish the attractiveness of the area as a place to do business"..."The increased political corruption, increased crime rate, and increased organized crime activity that will likely result from a single casino all could significantly diminish the image of the area as a place to do business." pp. 67, 68.

additional costs created by business failures and deteriorated work habits of such gamblers. We nevertheless believe they were largely successful in bringing attention to many of the positive, as well as negative, cost impacts.

While their analysis was hampered by the lack of an existing model of a single state-run, full service casino, they noted this drawback and were able to use a simulated Las Vegas casino model to make their economic projections. They included a projected amount for non-gambling spending by casino visitors, such as for hotel rooms, food, shopping, etc. as well as additional amounts which non-gambling oriented tourists and local people would spend at the new casino. Using Bureau of Economic Analysis multipliers, they also calculated the additional amounts which would be added to the local economy as the result of new spending by people working for the casino, such as casino employees spending money on groceries and rent. The researchers also considered how increased tax revenues from the new casino would be offset by tax revenue losses in the existing horseracing industry.

The researchers projected an annual total "win" of $3,344 per square foot of casino floor space, an amount more than twice the approximately $1,500 per square foot win of a typical Las Vegas casino. ("Win" is the amount retained by the casino after player losses). They attributed the large increase in win to the monopoly situation of the single New Orleans casino and the fact that more tourists come to New Orleans than to Las Vegas - as well as access to a larger local population than in Las Vegas. Using the simulated Las Vegas casino model, they concluded:

> The loss of non-hotel spending due to reduced spending of existing visitors and local residents more than offsets the new hotel and non-hotel spending of the new visitors. <u>In other words, the tourist industry, as a whole, is a net loser due to gambling; however, the casino is a net winner.</u>[117](their emphasis)

They further note:

> The existence of a single casino in New Orleans would produce new spending in the area of $360.4 million and a net total of $23.5 million in new state tax revenue and actually reduce the amount of local tax revenue. In addition, 13,971 new jobs would be created....these figures <u>do not</u> include what the effect of the casino would be on the crime rate, police and criminal justice spending and on the business climate of the area.[118](their emphasis)

The University of New Orleans researchers also estimated that the existence of gambling opportunities would lead to an increase in budget of slightly under $5 million for the criminal justice system. This amount included the projected additional costs to the court system and government prosecuting positions which would be created by the casino, but not the costs of keeping people in prison after they were convicted.[119]

---

[117]Ryan, <u>op.cit.</u>, pp. 16, 17.

[118]Ryan, <u>op.cit.</u>, p. 24.

[119]Ryan, <u>op.cit.</u>, pp. 46, 47.

4. Recruiting More Gamblers: Increasing Gambling Opportunities and Problem Gambling Behavior

As the states legalize and promote more gambling ventures, the number of people who gamble is increasing and the amount of personal income being spent on gambling is also increasing. This is increasing the costs of dealing with gambling-related problems.

Based on projections of existing research, there may be as many as 9.3 million adults and 1.3 million teenagers with some form of problem gambling behavior in the United States. State gambling revenues come disproportionately from lower income residents. Problem gambling behaviors are highest among the poor and minorities.

The growth of government initiated gambling is recruiting increasing numbers of people to gamble and to spend greater amounts on gambling. From 1980 to 1991, for example, the average person's spending in casinos as a percent of their income increased at an annual rate of 2.18%. From 1991 to 2000, revenues are expected to grow even faster, at approximately 5.7% per year.[120]

In the late 1980's, Charles Clotfelter and Philip Cook, two researchers at Duke University, analyzed data from what they described as "the most complete survey of gambling participation ever conducted." They concluded that the creation of lotteries by state governments was encouraging people into other forms of gambling, as well. Controlling for a large variety of variables, including sex, race, religion, household income, age and education, they said that "the likelihood of participation in

---

[120]Deloitte & Touche, Report to the City of Chicago Gaming Commission, Chicago, IL, (1992).

commercial gambling was still heavily influenced by whether or not the respondent lived in a lottery state...we conclude with considerable confidence that the lottery is a powerful recruiting device, which, in 1974, was responsible for inducing about one-quarter of the adult population who would not otherwise have done so to participate in commercial gambling."[121]

Recruiting More Illegal Gamblers

By giving better odds and non-taxable payouts, organized crime, far from being eliminated from gambling, has remained an active provider of gambling products with its own market niche. According to some experts, legalization has increased the number of people who gamble, providing organized crime with access to a larger consumer pool. One FBI expert complained about legalizing more betting opportunities. "All it would do", he said, "is make still more people gamble, and that would make even more business for bookmakers".[122]

Since most lotteries use some form of the older illegal "numbers" game, players are recruited to illegal playing through a familiarity with government lotteries. According to Arnie Wexler, executive director of the New Jersey Council on

---

[121]Clotfelter, Charles T. and Philip J. Cook, Selling Hope, State Lotteries in America, Harvard University Press, Cambridge, MA 1989, pp. 104-105.

[122]New York Times, January 11, 1979, p.1. Cited in George Sternlieb and James W. Hughes, The Atlantic City Gamble, Harvard University Press, Cambridge 1983, p.24.

Compulsive Gambling, "Some of the people that learned the game legally are now playing it illegally."[123]

In testimony to the Chicago Gaming Commission, William Jahoda, a former operator of gambling ventures for organized crime in the Chicago area, said, "there always existed one solid constant - any new form or expansion of legal gambling always increased our client base. Simply put, the stooges who approved Las Vegas nights, off-track betting, lotteries, etc. became our unwitting front men and silent partners."

The greatest benefit to illegal gambling, according to Jahoda, were "(gambling) agency marketing and media advertising blitzes promoting gambling." Such publicity, he said, gave people a perception of gambling as "healthy entertainment."[124] In 1992, Bob Walsh, Assistant Director of the FBI in Chicago, told the Chicago Metro Ethics Coalition, that organized crime had been continuously involved in gambling. "Gambling generates new gambling," said Walsh. "The more accepted it becomes, the more all forms of gambling benefit."[125]

---

[123]Hays, Constance L., "Was the State Lottery Too Much of a Gamble?" New York Times, October 17, 1992.

[124]Better Government Association..., op.cit., p. 92.

[125]Better Government Association..., op.cit., p. 93.

While there was initial concern among Las Vegas casino companies about the growth of gambling in other parts of the country, many of them now view expansion elsewhere as a way of expanding their market. Once legalization exploded, major casinos like the Mirage, Hilton Hotels, Caesar's World actively pursued new locations.

Jonathan Boulware, an executive at the Mirage casino in Las Vegas, believes the expansion of casinos nationally has helped his casino. "We encourage that kind of thing because it exposes people to casinos who've never been exposed to casinos before. Las Vegas is the Mecca...there's going to be more people gambling, more people are going to learn more about casinos and then everyone is going to want to come to Las Vegas."[126]

Expansion of Legalized Gambling and Problem Gambling Behavior

As the number of people who gamble increases, the social problems associated with gambling are also increasing. Researchers now call gambling the fastest growing teen age addiction, with the rate of pathological gambling among high school and college-age youth about twice that of adults.[127] According to Howard J. Shaffer, Director of the Harvard Medical

---

[126]Interview with Jonathan Boulware at the Mirage Jobs Information Fair, at the Cardinal Shehan Youth Center, Bridgeport, CT, (March 27, 1993).

[127]Christian Science Monitor, April 25, 1990.

School Center for Addiction Studies, "We will face in the next decade or so more problems with youth gambling than we'll face with drug use".[128] "There is an emerging body of evidence," he says, "suggesting that illicit gambling among young people is increasing at a rate at least proportional to the opportunity to gamble legally."

Using a sample of over 2,000 students from nearly 100 Massachusetts public schools, Shaffer found that although prohibited by law, there was extensive lottery play among underage children and adolescents. Almost 70 percent of seventh graders have bought lottery tickets and by their senior year, nearly 90 percent purchased them.[129] During a single month, about 30 percent of seventh graders bought lottery tickets illegally. Some were buying at least one ticket or more per week.

Shaffer cites other studies of similar underage betting at gambling casinos. A 1985 random sample of 332 students at an Atlantic City high school discovered that 64 percent of the students had gambled illegally at the local casinos. Over 40 percent of the students had gambled at these casinos by the age

---

[128]New York Times, April 28, 1992.

[129]Shaffer, Howard J., "The Emergence of Youthful Addiction: The Prevalence of Underage Lottery Use and the Impact of Gambling," Technical Report No. 011394-100, Massachusetts Council on Compulsive Gambling: Boston, MA, (January 13, 1994).

of 14. The lure of gambling is so strong in Atlantic City that about 29,000 underage people are either stopped from entering or ejected from the city's casinos every month.

The increase in officially sanctioned gambling has produced more social pressure for young people and women to gamble. While the majority of problem gamblers are now men, Shaffer sees the situation changing as gambling becomes more culturally valued.[130] High school seniors are now a unique group of Americans, he says. "These young people are the only constituency who has experienced gambling that is both state sponsored and culturally approved for their entire lifetime."

Some forms of gambling are more problematic than others. Those that offer fast action and immediate payoff, for example, tend to be more addictive. As state sanctioned gambling becomes more convenient and ubiquitous, gambling becomes harder to avoid.[131]

Based on several previous studies of problem gambling among adults and teenagers, we estimate that up to 5 percent of the

---

[130]Shaffer cites the following Atlantic City references: Acuri, A. F., D. Lester, and F.O. Smith, "Shaping adolescent gambling behavior," Adolescence, XX, (1985), pp. 935-938; Chavira, R., "The rise of teenage gambling: a distressing number of youths are bitten by the betting bug," Time, Feb. 25, 1991, p. 78.

[131]Minnesota Planning, High Stakes: Gambling in Minnesota, St. Paul, MN. (March, 1992).

adult population and 8 percent of the teenage population have some form of problem or pathological gambling behavior.[132] On the basis of the 1990 US population census, this means that there may be as many as 9.3 million adults and 1.3 million teenagers with some form of problem behavior. This describes the extremes, leaving out a wide range of gamblers with less chronic problems - people who gamble more than they can afford and find themselves with serious economic and social problems - from family disputes, to the loss of jobs, to medical and psychological problems. Such problems become economic costs to the people themselves as well as to the rest of society.

Who Plays, Who Pays?

Controversies about legalized gambling often revolve around the issue of which income groups lose the most money to government gambling enterprises. Proponents of gambling ventures tend to describe them as "entertainment," or as a benign form of taxation - "a tax only on the willing." They cite statistics showing large amounts of play by higher income people.

Opponents, meanwhile, cite the regressive nature of these operations. Using lotteries as an example, they argue that relative to their income, those with less money pay more for this

---

[132]Walters, Laurel S., "Gambling and Young People: More Teens Play Games of Chance," Christian Science Monitor, April 25, 1990, p. 12.; Henry D. Lesieur, "Compulsive Gambling: Documenting the Social and Economic Costs," April 23, 1991, unpublished paper from the author.

form of taxation. They also argue that in the cases where lottery funds are distributed to cities and towns, lower income people are the ones who are paying for public services in wealthier communities.

Most of the available research on this subject is found in studies of state lotteries rather than casinos. However, since trends in the expansion of state sponsored gambling are moving in the direction of expanding non-skilled electronic gambling machines, (like keno and slot machines in both casino and non-casino settings) which approximate the unskilled play typical of lotteries, it becomes possible to extrapolate some of the research on lotteries for purposes of analyzing current trends of who plays and who pays.

A number of studies have shown that lower income people spend a higher percentage of their incomes playing state lotteries, in effect making lotteries a regressive tax on a state's poorer citizens.[133] A person's economic status or economic vulnerability is likely to define what gambling means to them as both a financial decision and social experience. Generally, the higher a person's income, the more gambling tends to be perceived of as entertainment or way to socialize with

---

[133]See Clotfelter, C.T., and P.J. Cook, Selling Hope: State Lotteries in America, Harvard University Press, Cambridge, MA, 1989; Passell, P., "Lotto is financed by the poor and won by the states," New York Times, May 21, 1989, p. E6.

other people. Conversely, as a person's income decreases, gambling becomes more straightforwardly a way to invest or make money. [134]

In their 1989 comprehensive analysis of state lotteries, Charles T. Clotfelter and Philip J. Cook, analyzed data from both nationwide studies and a number of individual states, including Arizona, California, Maryland, Massachusetts and New Jersey. "The most definitive finding", they concluded, "is that as a percentage of household income, lottery expenditures decline steadily as income rises." Their analysis showed that as a percentage of their income, people in the lowest income class studied were spending four times as much as those in the highest income group studied. They also determined that, "In sum, members of certain groups are more likely to play lotteries and to play them heavily: males, Hispanics, blacks, the middle-aged, Catholics, laborers, and those with less than a college degree."[135]

State lottery officials, however, tend to describe their products as appealing to higher income, more educated people. In

---

[134]Volberg, Rachel A. and Randell M. Stuefen, "Gambling and Problem Gambling in South Dakota," Gaming in South Dakota, Business Research Bureau, University of South Dakota, Vermillion, SD, (November 12, 1991), p. 7.; See also Los Angeles Times Poll, 1986, cited in Clotfelter, Charles T. and Philip J. Cook, "On the Economies of State Lotteries," Journal of Economic Perspectives, Vol. 4, No. 4, (Fall 1990), p. 109.

[135]Clotfelter, Cook. Selling Hope, op. cit., p. 100.

Massachusetts, Lottery Director Eric Turner says that 85 percent of the lottery's players earned more than $25,000 a year.[136] A Kansas Lottery Annual Report says, "Our typical 'customer' is female - has at least some college or post-high school education, and is a member of a $20,000-plus family!!"[137] However, research in both Massachusetts, Kansas, and elsewhere refutes these claims.

Our examination of the Massachusetts Lottery's own research indicates that only about 65 percent of its players had an income of over $25,000 a year, not 85 percent as claimed by Director Turner.[138, 139] A comparison of lottery play in various Massachusetts cities and towns suggests the prevalence of much higher per capita betting amounts in cities with lower income populations. In a relatively poor city like Boston, the average annual betting per person is $365 per year. In Worcester, another low-income city, it is $366 per year, and in Chelsea, one of the poorest cities in the state, per capita betting is $455

---

[136]"Lottery: $2B bet in state," Daily Hampshire Gazette (Northampton, MA), June 22, 1993, p. 9.

[137]Mobilia, Pamela, "A Little Bit More Evidence of Lottery Regressivity: The Kansas State Lottery," Journal of Gambling Studies, Vol. 8, No. 4, (Winter 1992).

[138]HHCC Marketing Research and Planning, Quantitative Research Findings: The Massachusetts State Lottery Games Wave IV, Prepared for the Massachusetts State Lottery, (January, 1990).

[139]Valle, Paul Della, & Scott Farmelant, "A Bad Bet: Who Really Pays for the Massachusetts Lottery's Success?" Worcester Magazine (MA), January 27, 1993.

per year. Wealthier Massachusetts towns like Weston average only $30 per person per year, while Amherst averages $42 and Paxton $62.[140]

Pamela Mobilia, a researcher at the National Bureau of Economic Research, examined the Kansas Lottery's statement and concluded that it "does not do a satisfactory job of defending the state from running a regressive lottery." By calculating the average amount bet per capita and the amount bet as a percentage of income for each Kansas county, she demonstrated that lower income people bet more as a percentage of their incomes than those of higher income.

According to Mobilia, the Kansas Lottery had the same regressive properties of other state lotteries studied by earlier researchers.

> The total amount bet per capita does not increase as income increases...the bet as a percentage of income is higher in counties with lower incomes than in counties with higher incomes. The results are even stronger when the higher income class is defined as those in the upper quartile of income...The results show that counties with a lower income, educational level, employment rate, density, and population bet more as a percentage of income. Counties with a higher unemployment rate, and a higher percentage white population bet more as a percentage of income.[141]

[140] Valle, op.cit.

[141] Mobilia, op.cit.

A 1992 report commissioned by the Wisconsin State Lottery Board using phone interview techniques found similar correlations between lottery play and income. The report demonstrated that the poor were spending a larger percentage of their incomes on lottery play than were higher income people. The Wisconsin study also found that Lottery spending was becoming concentrated among fewer people who were spending more money on tickets. About 16 percent of lottery players, representing 10 percent of all State residents, accounted for nearly 75 percent of the State's lottery revenue.[142] There have been similar findings in other studies.

[142]Piliavin, Irving, and Bradley R. Enter Wright. Lottery Play Among Wisconsin Residents: A Second Look at Who Plays and How Much They Spend, Institute for Research on Poverty Special Report No. 54, University of Wisconsin-Madison, (June 1992).

5. Future Implications for Rural and Urban Areas: Legalizing More Addictive Games at Decentralized Locations; the Introduction of Land Based Urban Casinos; the Development of Interactive Television At-Home Betting

As state budgets become more gambling-dependent, legislators are tending to legalize higher revenue producing games, like video lottery terminals (slot machines) and keno at dispersed locations. These constant, quick action games are considered highly addictive by counseling professionals. State gambling dependence has also eroded prohibitions against locating casinos in large urban areas.

There has also been a marked shift towards more slot machines in existing casinos. In the future, as revenues from existing gambling ventures are unable to keep pace with government gambling dependence, the gambling industry and legislators are likely to look towards expansion through the use of telephone and interactive TV betting.

While remote areas were historically favored for casino locations, more urban casinos may be developed in the future with negative economic consequences for existing rural ones. The increased use of state-operated slot machines and keno at dispersed locations will also have negative economic consequences for rural as well as urban areas.

By the early 90's, Americans were losing more than $10 billion a year to 35 state and the single District of Columbia lotteries.[143] While an enormous sum, it nevertheless represented a declining rate of growth. During the late 1980's, lottery revenues in most states began to flatten - in some states they actually declined. In response, concerned lottery officials began to look for new games and new gambling ventures to entice players.

---

[143]"In 1990, gross sales for U.S. lotteries were over $20 billion, and after payment of winning prizes, lotteries in the aggregate returned more than $10 billion." from Eadington, "Recent National Trends...", op. cit., (August, 1992), p. 5.

Their initial efforts produced meager results. In 1989, the Oregon lottery introduced sports betting on National Football League games, but revenues were disappointing. In 1991, Massachusetts began an unsuccessful experiment in lottery betting by phone which it dropped after only one year. That same year, the Minnesota lottery proposed a trial venture in at-home betting using Nintendo machines and TV sets in 10,000 homes. It scrapped the idea after heated political opposition from state legislators and the governor.

Despite initial setbacks, government officials soon found more potent, and in some cases, more politically acceptable methods of increasing revenues by increasing gambling losses. During the late 80's and early 90's, two kinds of electronic gambling were successfully legalized by several states - keno and a version of older casino-type slot machines alternatively and euphemistically called "video lottery terminals" (VLT's) or "video poker," which had been approved for use in Montana's drinking establishments since 1985.

In Montana, private businesses owned and operated the slot machines and paid the state a tax on winnings. In many states which legalized these machines after Montana, the machines were owned by the state's lottery, and operated at business establishments, with both the businesses and the state taking a percentage of the winnings.

The Spread of Mini-Casinos

Typically, states which legalized keno and the VLT's allowed them at bars and racetracks - although sometimes also in restaurants and convenience stores. Since the machines closely approximate, if are not identical to, casino slot machines and casino keno games, they allowed a smaller version of casino gambling in both urban and remote rural areas. In effect, many bars, racetracks and other businesses were transformed into mini-casinos.

VLT play is much the same as casino slot machines, where the player pushes buttons and hopes the right set of numbers or images come on the screen. In one popular form of keno, a video monitor displays a range of numbers to choose from. Players write their selections down on a slip of paper, which they turn in with their bet to the bartender or store owner. Winning numbers are announced on the screen every 5 minutes. Slot machines are among the most lucrative gambling activities that state governments have legalized. According to psychological experts, they are also among the most addictive forms of gambling available.

State lotteries now operate some form of keno gambling in California, Kansas, Maryland, Massachusetts, Nebraska, Oregon, Rhode Island, and Washington. In 1989, South Dakota became the first state where a lottery agency operated VLT's. By mid-

August, 1993, South Dakota had more than 10,500 of these machines in operation.[144] In 1992 they became available for state-wide use in Oregon and Louisiana. Businesses in Louisiana and Oregon were allowed to operate up to 5 machines, South Dakota, 10, and in Montana, up to 20 machines were allowed per establishment. Louisiana race tracks are permitted an unlimited number - one race track there has 800 machines.[145] Both West Virginia (in 1990) and Rhode Island (in 1992) made them available in limited locations at race tracks. There are over 14,000 VLT's operating in Montana, over 5,000 in Oregon, and 10,500 in Louisiana.

The president of one prominent gambling consultant firm says, "virtually every lottery director in the country is interested in VLT's." Extrapolating the South Dakota VLT experience to the lottery states, he says, "would require many times the 140,000 gaming devices presently installed in Atlantic City and in Nevada".[146] According to another gambling analyst and casino developer, "We will soon have slot machines and near

---

[144]McQueen, Patricia A., "North America Gaming at a Glance", Gaming and Wagering Business, (September 15 - October 14, 1993), p. 52.

[145]Rose, I. Nelson, "Gambling and the Law: 1992 Elections, Endless Fields of Dreams," Unpublished paper from the author, (1993), p. 5.

[146]Christiansen, Eugene Martin, "The New Jersey Experience and the Financial Condition of Atlantic City", The Newsletter of the Institute for the Study of Gambling and Commercial Gaming, (April, 1991).

slots, owned and operated by state governments in every Mom & Pop store in the nation."[147]

Since the machines are relatively inexpensive to buy (they cost about $5,000 per machine), and require relatively little maintenance and supervision, returns can be quite high. Researchers in South Dakota found that VLT's and slot machines attracted the highest monthly spending on gambling and the largest percentage of people who spent over $50 gambling per month.[148] In that state, VLT sales increased nearly 40 percent to $61 million in 1992. When Oregon introduced electronic gambling machines (both VLT's and keno) in bars that same year, its lottery saw an additional $121 million in sales, a one-year increase of 83 percent in total lottery sales.[149]

In 1991, the South Dakota government's "win" before administrative expenses from its electronic gambling machines (or

---

[147]Rose, I. Nelson, "Gambling and the Law...", op. cit.

[148]Madden, Michael K., Rachel A. Volberg, Randall M. Stuefen, Gaming in South Dakota: A Study of Gambling Participation and Problem Gambling and a Statistical Description and Analysis of Its Socioeconomic Impacts, Business Research Bureau, University of South Dakota, Vermillion, SD, November, 1991, p.8.

[149]LaFleur, Teri, "U. S. Lottery Sales Rebound with 6% gain, Canadian lottery sales rise 8%," Gaming and Wagering Business, (June 15 - July 14, 1993), p. 12.

losses by players) was approximately $150 million, or a per capita yearly loss of about $150 by state residents.[150]

During the first 9 months of 1991, South Dakota collected $127 million from VLT players - four times as much as the revenues from player losses at the state's traditional lottery. In 1992, the state was collecting $5 million from its traditional lottery games and $45 million from its VLT's.[151] In Montana, a total of $2.15 million was bet on lottery tickets in fiscal 1990, as against $251.8 million at video gambling machines, a nearly 12 to 1 ratio. South Dakota now has about one machine for every 75 adults in this mostly rural state. In 1991, Montana had one machine for every 40 adults and projections were for thousands more machines in the coming years.[152]

Electronic gambling machines are a quantum step towards increasing the social and economic costs of dealing with problem gambling. For most people, traditional lottery games involve going to a store, buying tickets and then stopping, at least until the next day. By contrast, keno and VLT's are constant

---

[150]Eadington, William R., Emerging Public Policy Challenges from the Proliferation of Gambling in America, Address at Second Annual Australian Conference on Casinos and Gaming, Sydney, N. S. W., (October 27, 1992), Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno.

[151]Rose, "Gambling and the Law...", op.cit., p. 4.

[152]James, Raymond and Associates {Stock Brokers}, The Dramatic Growth of Legalized Gambling in North America, Research Report, St. Petersburg, FL, (September 3, 1991).

quick action games with a calculated amount of payback to encourage more play. It is not unusual to find people sitting in bars, liquor in hand, playing for hours at a time.

To entice players, State and private gambling machine owners typically advertise relatively high paybacks to players (usually from 80 to as high as 97 percent). The actual percentages paid back, however, are usually much lower, since the longer players stay at these machines the more they are likely to lose. State officials clearly understand the difference between what are being advertised as high payouts and what players actually get. In Montana, where slot machine losses paid for 5 percent of the state budget in 1990, the state's Gaming Control Division explained why only 55 percent was paid out to machine players:

> The 55 percent payout to players is substantially lower than the statutorily required payback of at least 80 percent (23-5-607, MCA) and requires explination. All machines approved for play in Montana meet the expected payback percentage of 80 percent. In fact, the probability of winning back the wagers made on most machine models ranges from 85 percent to 92 percent. When credits won are compared to credits played, the result is consistently above 80 percent. Credits won, however, are not the same as credits paid out. Player behavior is such that credits won are readily replayed, which eventually results in more opportunity for losing. The result, therefore, is not an 80 percent payout to players but closer to 55 percent.[153]

"Where You Can See It, You Can Bet It"

On the leading edge of legalized gambling research is interactive television betting. In September 1991, the state of Minnesota attempted to cross a threshold in decentralizing gambling when it announced a joint plan with the Nintendo Company and the Control Data Company of Minneapolis to test market lottery betting access in people's homes through the use of new and retrofitted Nintendo machines. Massachusetts also tried a one year experiment in a telephone lottery system. Although the Minnesota project was cancelled as the result of public protest, and the Massachusetts one ended with disappointing revenues, the future prospect of widespread at-home gambling could have profound social and economic impacts.

---

[153]Montana Department of Justice, Gambling Control Division, Annual Report: Fiscal Year 1990, Helena, MT, (1990); Montana budget percentage from slot machines from Turner, Bruce, "Video Lottery: The State of the Industry," Address at the World Gaming Congress, September 22 - 24, 1992, Las Vegas, NV.

If present trends in government sponsored gambling continue, states will eventually find revenues from today's expansion of riverboats, VLT's and Keno declining, and they are likely to turn to at home interactive gambling on the much touted information superhighway to boost sagging revenues. A number of major communications firms are already contemplating this next venue.

NTN Communications, a California firm is currently developing a computer software system in conjunction with the California Association of Racetracks to allow at home parimutuel betting. By the year 2000, NTN vice-president Dan Downs expects gambling operators will have potential access to the 25 to 35 million people who will have 2-way interactive TV in their homes. By then, he believes people will be able to gamble on games and horse racing by charging bets to a pre-arranged account on their credit card.

Raymond Smith, chairman of Bell Atlantic, expects off-track and lottery betting - what he calls one of the information superhighway's "category killers" - will be a major source of his company's revenues. John Malone, chief executive of Tele-Communications, says interactive "near gambling", like games of skill for prizes, "will be the largest business that doesn't exist today within the next five years". CNN's Ted Turner has said it may be possible to change existing anti-gambling laws to allow for full TV gambling in the future.[154]

Interactive TV betting could allow the gambling industry to expand the number of people who gamble as well as increase the amounts they gamble. According to Downs:

> [It] isn't just directed to the hard-core bettor. You got to also be able to get the casual bettor, the guy who's sitting in his living room, who is a cable subscriber, who gambles once in a while, who might turn to a race and decide he wants to make a wager...He can open a temporary account and charge it to his VISA or MASTERCARD.

Downs says gambling companies will be able to use cable access to people's homes as a new technique for influencing their behavior. A company which is able to control a person's cable signal, says Downs, "controls his destiny... when they own the picture, they can send it where they want to send it, and where you can see it, you can bet it."[155]

The Movement Towards More Slot Machines

Electronic gambling machines are the fastest growing area of the gambling industry. The recent shift to slot machine use by private casinos as well as the shift to VLT's by several states is an important indication of these trends. Since 1990,

---

[154]Lippman, John, "Gambling-literally-on the media superhighway", Los Angeles Times, December 24, 1993, p. D1.

[155]Downs, Dan, "Interactive Television Betting," Talk given at the World Gaming Congress Expo, Las Vegas, NV, September 22-24.

betting at Nevada and Atlantic City casino table games fell by about 15 percent, while slot machine revenues rose by nearly 40 percent. Although a total of $143.1 billion was wagered at Nevada and Atlantic City casino table games in 1992, only $3.1 billion was won by the casinos from these games. By contrast, on $94.6 billion in slot machine bets that year, the casinos won $5.3 billion.[156]

In Atlantic City, slot machines accounted for 46 percent of casino revenue in 1982, rising to 66 percent in 1992. The current relationship between slots and table games in casinos and riverboats find Iowa riverboats with the highest percentage of slot machine revenues (93 percent) and those in Mississippi with the lowest (53 percent).

---

[156]Derived from data in Gaming and Wagering Business, (July 15 - August 14, 1993), Chart 4, p. 15, and Charts A and 5, p. 16.

Percentage of Slot-Table Game Revenue by State[157]

State	Slots(%)	Table Games(%)
Iowa (riverboats)	92.7	7.3
Colorado (casinos)	89.7	10.3
Atlantic City, NJ (casinos)	66.0	34.0
Illinois (riverboats)	58.4	41.6
Nevada (casinos)	57.5	42.5
Mississippi (riverboats)	52.7	47.3

Industry analysts attribute the shift to slot machines to an aging population of craps players, a younger generation of players brought up on video games, and the aggressive marketing of slot machines. They also attribute the rise to more women playing slot machines and the intimidation that women feel at traditional table games. According to Lenny Frame, a writer of video poker guides, "In blackjack, the minute a woman makes a mistake, the men give her all kinds of stares...you can play (video poker) at your own pace and not have to worry about what the person to the left of you is thinking."[158] It is likely that much the same applies to a younger generation of male players.

---

[157]Information from the state gaming boards and industry reports as cited in Gros, Roger, Mike Epifano, and Gary Schnorbus, "Turning the Tables", Casino Player, (January, 1994), p. 14.

[158]Gros, Roger, et al, op. cit.

Slot machines are especially appealing to lower income players, since many machines allow for as low as 25 cents per play. On some Mississippi riverboats there are 5 cent slot machines. According to Jim Rogot, vice president of TropWorld in Atlantic City, "A bus customer comes in with $40 and has to make a choice...it makes more sense to him to play quarters in a slot machine than to make $10 bets at a table game."[159]

While many legislators and lottery officials are contemplating the future use of gambling machines, there is already the beginning of a political backlash against them. Counselors and therapists have reported a steady rise in problem gambling correlated with the introduction of these machines. Opinion polls in Louisiana indicate serious public feelings against the use of the machines in that state. In Nova Scotia, instances of addictive player behavior prompted government officials to remove machines from all places except those with liquor licenses. From a total of approximately 3,500 machines, there are now only 1,000[160] In Oregon, a legal challenge the State's lottery operated slot machines (video poker) is currently before the Oregon Supreme Court.

---

[159]Gros, Roger, et al, op. cit.

[160]Zuckoff, Mitchell, and Doug Bailey, "US turns to betting as budget fix," Boston Globe, September 26, 1993, p. 1.

Gaming and Wagering Business, the major gambling industry trade magazine, expressed concern over a recent South Dakota ballot measure to repeal the use of state operated gambling machines. Although the ballot ultimately lost by a wide margin after pro-VLT lobbyists outspent their opponents by nearly 12-1, the magazine noted significant public concern about the perception that excessive gambling problems are associated with the machines, calling the South Dakota vote "a straw in the wind." The spread of video poker through lottery operations, said the magazine, is likely to be slower than earlier predictions. "The spreading consciousness [is] that VLT poker is associated with excessive gambling losses."[161]

Important Implications for Rural and Urban Areas

In order to reduce access to large populations of the urban poor, gambling casinos were historically located in remote rural locations. These locations were also likely to have been chosen as a way of limiting the everyday temptations of the cities' wealthier inhabitants. Favored European sites were distant vacation resorts of the wealthy, like Cannes, Deauville, Evian in France, Monte Carlo in Monaco, Venice in Italy, and Baden in Germany. Until only recently, residents in certain parts of Germany needed written permission from their local governments to

[161]Christiansen, Eugene Martin, "Gross Annual 92 Wager" Gaming and Wagering Business August 15-September 14, 1993, p. 12.

get into casinos.[162] The same is still true in England. In Paris' famous Palais-Royal of the late 1700's, even the bourgeoisie were only allowed entry to the gambling rooms of the wealthy only a few days of the year.[163]

In America, the relative remoteness of the country's gambling centers in Nevada and Atlantic City was thought to have the beneficial effect of reducing access to the masses of urban poor who couldn't afford the expense and time of getting to and staying at these places.[164] In 1976, a federal commission concluded that, "densely populated areas are likely to find it more difficult (than has Nevada) to cope with the effects of overindulgence," and recommended restricting any legalized casinos to more isolated areas.[165]

---

[162]Eadington, William R., Emerging Public Policy Challenges from the Proliferation of Gambling in America, Address at Second Annual Australian Conference on Casinos and Gaming, Sydney, N. S. W., October 27, 1992, Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno (monograph).

[163]Barnhart, Russell T., "Gambling in Revolutionary Paris: The Palais-Royale," in Eadington, William R. and Judy A. Cornelius (Eds.), Gambling and Public Policy: International Perspectives, Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno, NV, (1991).

[164]Eadington, William R., Emerging Public Policy Challenges ..., op. cit.

[165]The Federal Commission on the Review of the National Policy Toward Gambling as cited in Illinois State Police, Division of Criminal Investigation, Intelligence Bureau, How Gambling Affects Law Enforcement, Springfield, IL, (April 16, 1992), p. 14.

In the current phase of gambling expansion, similar arguments have been made in favor of rural and isolated operations, such as those in Deadwood, South Dakota, the Colorado towns of Cripple Creek, Black Hawk and Central City and for most of the tribal-run casinos in Minnesota. In 1992, for example, a report by Minnesota's state planning agency, referring to the state's tribal-run casinos, noted, "Problems of crime, drug abuse and alcoholism can be associated with the high influx of tourists, the transient work force and the general fast-paced, pleasure-seeking atmosphere surrounding casinos. Minnesota's current approach to gambling does not lead as readily to these problems, due to the isolated and dispersed nature of [its] casinos."[166]

Isolation is also presumed a virtue in the port cities and towns where riverboats and "cruises to nowhere" have been legalized. The poor are supposedly discouraged by having to pay an admission fee to board the boats. And since those who do come on board can be seen and counted, this supposedly controls criminal activities. It is as though the very act of lifting anchor and sailing off sanitizes the operation and the host town from crime.

Historically, the physical difficulties of organizing and collecting bets in remote locations did provide some deterrence

---

[166]Minnesota Planning, op.cit., p. 21

to organized crime's access to the local population. Dense urban areas were a more ideal situation for numbers runners, clandestine betting parlors, and local store owners who also operated as bookies. Several lottery officials told us they attribute the success of their lotteries to the traditional illegal numbers games in urban areas, especially those operating on the east coast and in the mid-west. Their observations are borne out by noting that urbanized areas generally have higher per capita lottery gambling than more rural ones. Massachusetts, for example, has the highest per capita play and Vermont the lowest.

These trends, however, are beginning to change. Gambling revenues have increased in rural states with the increased legalization of electronic gambling machines which are easily dispersed to bars and stores in remote locations. South Dakota, for example, saw a major rise in per capita gambling losses after it legalized slot machines. Similar increases occurred when this happened in Montana and Oregon. In 1991, South Dakota residents were spending an average of $8.78 on their "Lotto America" games, 10.93 on their "Instant Lottery" and $228.58 at their state's slot machines.[167] Gambling has also increased in rural areas as rural states have joined with other rural states to provide bigger jackpots (such as Powerball).

---

[167]Madden, op. cit., see Table 4, p. 54.

While keeping casinos out of urban areas is still thought of as a positive public policy approach, this is changing. In 1992, Louisiana became the first state to legalize a major U.S. city casino outside of Las Vegas. New Orleans will soon have a single, privately-operated casino. During the recent past significant, though unsuccessful, efforts were mounted to legalize land-based casinos in Hartford and Bridgeport, Connecticut, Chicago, Detroit, and Gary, Indiana. Floating casinos are now being considered in Philadelphia, Boston and other cities.

In all likelihood, there will be continued and aggressive lobbying by the gambling industry as well as local and state legislators, for more urban casinos. In Detroit, especially, the recent announcement of a Province of Ontario-owned casino, to be built across the river in Windsor, will likely bring increased lobbying pressure for a Detroit operation.

To the extent that future casinos are located in urban areas, there will be fewer, but by no means no incentives to locate them in rural ones. If more urban casinos are built, existing rural ones will face additional economic competition from a diluted base of customers. Conversely, to the extent that legalization efforts in urban areas are unsuccessful, there will be more political pressure for legalizing them in rural areas.

The introduction of state-sponsored gambling machines (VLT's, slots, and keno) is also likely to have extremely serious impacts on gambling in rural, as well as urban areas. There is some disincentive for many states to legalize gambling machines. Once legalized by the state, they automatically, by federal law, can be used at casinos on Indian reservations unless otherwise prohibited by agreement between the tribes and the state in a state-tribal compact. On the other hand, since these machines compete directly with casinos, which are themselves expanding the use of slots, the new Indian casinos and riverboat casinos are likely to see significant declines in their revenues should state governments continue to expand the use of these machines.

6. The Implications of Market Saturation: Relaxed Regulations and Increased Public Subsidies

The growth of competing gambling ventures is leading to market saturation, putting some ventures in danger of collapse. Charitable gambling revenues are being negatively affected by this growth.

A major result of market saturation has been a tendency towards more lax government regulation of the gambling industry and subsidies to help competing private gambling operations survive. There are likely to be serious economic and social costs to communities as the result of boom and bust type of development.

In Las Vegas, older and smaller casinos are already suffering as the result of competition from the mega-casinos that have been built there, as well as from additional gambling opportunities being made available elsewhere. By early 1990, three major casino-hotels on the Las Vegas Strip -the Aladdin, the Riviera, and the El Rancho were in bankruptcy, and at least four others- the Dunes, the Sands, the Hacienda, and the Sahara- were in serious financial trouble. In Reno, Nevada's second largest gambling center, employment in casinos actually declined during the 1980's. Even in Laughlin, Nevada, where gambling operations expanded rapidly during the 1980's, there was significant flattening of net income and investment in gambling operations during the early 1990's.[168]

By the early 1990's total U.S. lottery revenues had also begun a significant flattening out. Declines in twenty-five

---

[168]Eadington, "Recent National Trends..." op. cit., (August 1992), p.10.

percent of the state lotteries resulted in a small net total decline for the first time since lotteries were introduced. The largest declines were in the states with the biggest lottery revenues. In 1991, six of the nine states, with sales over $1 billion each, declined from a low of 2 percent ($40 million decline) in New York State to 20 percent ($85 million decline) in California.[169]

While lottery prizes to winners were traditionally at about 50 percent of lottery revenues, the decline in public interest prompted lottery agencies to increase prize payouts, in some cases to as high as 65 percent. As a result, the lotteries' "take" has decreased from 41 percent of total U.S. lottery sales in the mid-1980's to 37.5 percent in the early 1990's.[170]

Some lottery officials attributed the lottery declines to the Gulf War and the nation's economic recession. Edward J. Stamek, Commissioner of the Iowa Lottery, said, "With the crisis in the Persian Gulf, retail sales slowed in Iowa and all over the country. A sluggish economy and uncertainty on the part of consumers added to the troubles."[171] But the introduction of new

---

[169]See Christiansen, Eugene Martin, "The Gross Annual Wager of the United States - Part 1: Handle," Gaming & Wagering Business, (July 15 - August 14, 1992), p. 32.

[170]Minnesota Planning, "High Stakes...", op.cit., p. 53.

[171]Iowa Lottery: 1992 Annual Report, Des Moines, Iowa.

gambling ventures, like riverboats and Indian casinos, was also part of this change. As more gambling activities are legalized, many state sponsored gambling enterprises are increasingly competing with themselves for the available gambling dollars.

Iowa, for example, saw a 13 percent decline in lottery proceeds in the same year its six riverboats were introduced.[172] As several riverboats left Iowa in 1992 for the more lucrative venues in Mississippi, Iowa's lottery proceeds improved slightly-increasing 3 percent over the year before.

Iowa State Lottery Proceeds (in Millions)[173]

Fiscal Year	Dollars
1986	27.6
1987	31.2
1988	40.2
1989	49.2
1990	50.5
1991	44.0
1992	45.5

After about a year of operation, one-third of the casinos in the three Colorado mining towns where gambling was legalized

---

[172] Iowa Lottery: 1991 Annual Report, Des Moines, Iowa.

[173] Iowa Lottery: 1992 Annual Report, Des Moines, Iowa.

in 1991 were closed.[174] In 1992, two years after gambling was legalized in Deadwood, South Dakota, a town with a population of 2,000 people, about 60 percent of the 80 casinos there were estimated to be unprofitable and another 20 percent only marginally profitable.[175]

A few years after a number of local governments legalized riverboat gambling in Mississippi, and after several Iowa boats had sailed downstream to Biloxi, signs of market saturation began to appear. In July 1993, the financial pages of the New York Times reported:

> The new state and local figures give the first indication that the results could be disappointing. . . as in any bubble market, the growth of casinos continued long after demand was met. In June [1993], the number of slot machines in Biloxi increased by more than 50 percent, growing to 3,500 slots . . .revenues are at best flat even as capacity has continued to boom . . .Things are not much better statewide. According to numbers put together by the Mississippi state tax commission, gaming revenue grew by less than $3 million in June from May, to about $61.4 million. But over that time, casino capacity climbed significantly, with the number of slot machines in operation hitting more than 8,000 at the end of June, up from about 6,850 in May.

The Times also reported that in spite of these trends more riverboats were being developed in the state. "In Biloxi alone, one city official said, as many as 30 companies have applied for

---

[174]Clines, Francis X., "As States Rush to Gamble, Experts See Risks," New York Times, April 26, 1993, p. A12.

[175]Hevener, Phil, "Has Deadwood Overdeveloped?" Gaming and Wagering Business, March 15 - April 14, 1992.

gambling licenses and at least two are in the initial phases of development."[176]

While employment has increased at some gambling enterprises, others like horse racing are losing ground. The decline of horse racing has also reduced jobs in related businesses, like horse breeding and veterinarian services.[177] Race tracks throughout the country have found themselves with declining revenues as competition from state sponsored gambling ventures increases. During the 1990's total betting on horse racing declined about 10 percent in constant dollars. The industry has also been impacted by an aging clientele and the overbuilding of racing operations.[178]

As more gambling operations are created, their individual effectiveness is being reduced, and sometimes put at risk of collapse. As tribal-run casinos expand in Minnesota, travel by Minnesotans to out-of-state gambling centers like Las Vegas and Atlantic City declined. Air travel from Minneapolis/St.Paul to Atlantic City, for example, dropped from nearly 7,700 passengers

---

[176]Eichenwald, Kurt, "In Mississippi, riverboat gambling rides rougher waters," New York Times, July 25, 1993, p. F9.

[177]Deloitte & Touche, Report to the City of Chicago Gaming Commission, Chicago, 1992.

[178]Minnesota Planning, High Stakes: Gambling in Minnesota, St. Paul, MN, 1992, p.3.

in 1989 to none in 1991.[179] In Atlantic City, market saturation added to the financial problems of several casinos which recently filed for Chapter 11 bankruptcy protection

Impacts on Charitable Gambling

Charitable gambling operations provide financial support for religious organizations, medical research, social service agencies, community organizations, veterans' groups, scholarship programs, youth sports activities, and other non-profit operations. Many churches are in the position of being morally opposed to gambling, yet increasingly dependent on it for financial survival. Since churches may be at the forefront of community opposition to legalization, while acting as gambling operations themselves, they have been criticized as opposing state sponsored gambling in order to preserve their monopoly.

The expansion of state sponsored gambling appears to be having substantial negative impacts on charitable gambling revenues. During the 1980's, charitable gambling was expanding at an average yearly rate of about 30 percent. By 1992, yearly growth had slowed to less than 4 percent.[180] Massachusetts, the most successful lottery state in terms of per capita betting, saw

---

[179]Minnesota Planning, High Stakes: Gambling in Minnesota, St. Paul, MN, March 1992, p. 16.

[180]Christiansen, Eugene Martin, "The 1992 Gross Annual Wager of the U.S., Part 1: Handle", Gaming and Wagering Business, July 15-August 14, 1993, p.12.

its charitable gambling revenues decline by about 30 percent over the past 9 years. In Minnesota, gross charitable revenues increased at an average rate of about 45 percent per year between 1986 and 1990, but declined to an average loss of about -1 percent per year between 1991 and 1993.[181]

More state-sponsored gambling ventures produce a ripple effect in charitable social services. As state gambling revenues increase and charitable gambling revenues decline, charitable organizations which depend on this type of income are likely to provide fewer services. As a result, new demands may be made on government resources to make up for the losses and jobs providing services to charitable organizations may be lost. Governments may also be asked to provide more funds to support these organizations. In the process, governments may need to find other sources of revenue, like increased taxes, to make up for the loss of charitable revenues.

[181]Franklin, Robert, "Gambling rises, but charity doesn't," Minneapolis Star Tribune, November 12, 1993. Part of the decline in Minnesota may be attributable to negative publicity surrounding charitable gambling in that state. Beginning in 1989 there were newspaper stories and state government reviews of fraud and mismanagement at some charitable operations. From personal interviews with Robert Franklin, staff writer for the Minneapolis Star Tribune, and officials at the Minnesota Attorney General's office.

The Future Consequences of Boom and Bust Development

The rapid expansion of gambling enterprises creates the potential for serious economic and social dislocations. While expansion will leave some communities with longer term market niches, there are likely to be many others whose opportunities will be short-lived. The overselling of the economic development benefits of gambling will not only produce disappointing short-term economic results, but it could leave communities with long-term debt to pay for the public infrastructure investments they made to support their gambling facilities. It could also leave them with the costs of paying for the social problems created in the wake of gambling, as well as large numbers of gambling industry workers who may be unemployed or whose jobs are threatened as the result of declining gambling ventures.

There are already some indications of these possibilities. In Iowa, several riverboats left after less than a year's operation, leaving local government with the long-term costs of infrastructure facilities, like the docks it built to accommodate the riverboats. In 1989, riverboat developers in Davenport, Iowa said they expected to invest $76 million in local land-based development, including a hotel, shopping center and office building. By 1992, the developers had spent less than $20 million, without building any of the promised development.

Public Subsidies, More Lax Regulations and Lobbying for More Gambling

States are being heavily lobbied by private gambling ventures to allow more gambling, ease gambling regulations, provide tax breaks, loans and grants. In some cases governments are being asked to take over faltering operations.

As a result of lobbying by the casino industry, New Jersey now allows 24 hour gambling, and keno, in Atlantic City casinos and the government has granted the industry other regulatory concessions. New York State acquired the financially-troubled Belmont, Aqueduct, and Saratoga racetracks; Polk County, Iowa extended payments and loans to bankrupt Prairie Meadows track. The Iowa legislature has provided horse and dog tracks with tax rebates, loan guarantees and less restrictive simulcast racing regulations.[182]

In Texas, a new state lottery in 1992 severely impacted racetrack gambling. Soon after that lottery began, handles at various tracks reportedly dropped in the range of 12 to 35 percent. By the middle of 1993, the state lowered the payments

[182]"The Fool's Gold in Gambling", U.S. News and World Report, April 1, 1991, p. 22.

it received from horserace betting from 6.5 percent to 2 percent, in order to bolster sagging racetrack profits.[183]

In order to help its declining racing industry, South Dakota now allows racing revenues which once went to the state's general fund to be returned to the horse racing industry;[184]in that state, revenues from Deadwood casinos are also being used to subsidize the administrative costs of the racing industry. In Nebraska, the horse racing industry can now be legally subsidized with 2 percent of keno revenues.[185] Illinois has drastically lowered its tax rate on horse racing and now has one of the lowest rates in the country.[186] In Massachusetts, private racing enterprises pay almost no taxes, while the state pays for the industry's advertising.[187]

In New Jersey, casino operators concerned about the increased competition elsewhere, lobbied local and state legislators for public funds to make the approach roads to Atlantic City more attractive. A public redevelopment agency

---

[183]Doocey, Paul, "Slow Trot to the Finish in Texas," Gaming and Wagering Business, (July 15 - August 14, 1993), p. 43.

[184]Minnesota Planning, "High Stakes...", op. cit., p. 63.

[185]Minnesota Planning, "High Stakes...", op. cit., p. 63.

[186]"Sen. Cullerton on Gaming in Illinois", Gaming and Wagering Business, (June 15 - July 14, 1993).

[187]DeForge, Jeanett, "UMass expert wary of gambling boat", Springfield Union News, November 5, 1993, p. 1.

will spend $70 million on a corridor beautification project.[188] According to New Jersey Casino Journal, a voice for Atlantic City casino owners:

> The need to negotiate passage through a depressed and deteriorated urban war zone is not especially conducive to a memorable entertainment experience. For that reason, Atlantic City most definitely needs to comprehensively redevelop its major access routes, so that visitors will gain a favorable impression on their arrival and, especially on their way to the beach, the Boardwalk, and the casinos.

The original state casino legislation for Atlantic City was accompanied by regulations designed to reduce problem gambling. To eliminate continuous gambling play, the regulations, in effect, forced people in trouble to take a break by prohibiting 24 hour gambling. In the last few years, however, the casinos have used their declining revenues to successfully argue for getting rid of such restrictions.

They have also been able to persuade state officials to allow them to operate keno and more slot machines. Similarly they've been able to change regulations about how much casinos must pay winning gamblers. The New Jersey Casino Control Commission recently allowed casinos to drop their progressive slot machine jackpots -jackpots which constantly added amounts which weren't won to what winners ultimately received. David Johnston, a reporter who specializes in casino gambling for the

---

[188]Reife, Mark J., "Two Projects for the Price of Everything," New Jersey Casino Journal, (April 1993), p. 8.

Philadelphia Inquirer, noted that half of all casino profits in Atlantic City in the spring of 1992 were the result of eliminating these restrictions.[189]

In yet another effort to expand gambling, the Casino Association of New Jersey, an industry trade association, argued for casino betting on professional and college sports events in order to give its members "a permanent competitive edge." The sports betting proposal was opposed by professional teams, as well as by the gubernatorial campaign of Governor Christine Todd Whitman. The state's Casino Control Commission refused to authorize the change, claiming a drastic change in state gambling practices would require a state ballot vote for a constitutional amendment.[190] An appellate court confirmed that the Commission had no power to authorize sports betting without approval of New Jersey voters. The Casino Association is now considering an appeal to the New Jersey Supreme Court.

In New Jersey and elsewhere, state tax rates have been dramatically lowered. By 1988, taxes on horse racing revenues in New Jersey, or what are called "take-out rates," were only one-

---

[189]Johnston, David, "The price of gambling goes up at the casinos," Philadelphia Inquirer August 21, 1993, p. D1.

[190]"New Jersey panel rejects sports-betting request," New York Times, November 18, 1993, p. B7; Sullivan, Joseph F., "Sports bets lose again in Trenton, New York Times, December 10, 1993, p.B6.

half of one percent of the pari-mutuel handle. That year, a New Jersey Governor's Advisory Commission report noted:

> In the years since legalization, pari-mutuel betting on racing has been transformed from a tool for raising revenue for the general fund into a means of funding substantial subsidies for the horse racing industry. These subsidies are now justified on the grounds of job creation, the preservation of farm land, and the contribution of the Meadowlands to the state's national image.[191]

In September, 1993, a Massachusetts state senate committee recommended the expansion of new kinds of gambling ventures in order to increase gambling revenues.[192] Lamenting the state's low rate of gambling growth (which already had an above national average percent of personal income being spent on gambling), the Committee called for expanding "the gaming client base" with new gambling venues like keno and riverboats.

The same committee also recommended legalizing of off-track facilities with low take-out rates in order to save a moribund private racing industry. After six adjustments in tax-outs in 12 years, the 1992 rate was 5 percent for dog racing and three-quarters of one percent for horse and harness racing.

---

[191]Lehne, Richard, "A Contemporary Review of Legalized Gambling", Governor's Advisory Committee op.cit., p.93.

[192]Report of the Senate Committee on Post Audit and Oversight, Toward Expanded Gaming: A Preview Of Gaming in Massachusetts, Commonwealth of Massachusetts, September, 1993, p. 23.

According to the Committee, "The take-out rate has been periodically altered to reflect industry standards, or <u>to boost lagging revenue returns</u>."[193] (our underline) It frankly admitted:

> The Commonwealth of Massachusetts derives very little revenue from pari-mutuel racing. The state's 'straight race take-out rate' is one of the lowest in the country and is essentially an industry sop, providing more monies for racing principals and patrons in the hope of strengthening the industry.[194]

In spite of recognizing this subsidy, it went on to recommend that track owners be licensed to run the off-track betting facilities at similarly low take-out rates to the state, in order to keep them in business.

> The Committee makes no pretense as to the impetus behind the move to legalize off-track betting. Simply stated, OTB will be another attempt at assisting the racing industry. As such, the Committee recommends that the Commonwealth's percentage of off-track betting not exceed the percentage of revenue it receives from live racing.[195]

---

[193]Report of the Senate Committee....<u>op.cit.</u>, September, 1993, p.34.

[194]Report of the Senate Committee...<u>op.cit.</u>, September, 1993, p.42.

[195]Report of the Senate Committee...<u>op.cit.</u>, p. 47.

7. The Government as Gambling Promoter: Advertising and Promotions and Subsidies

In the process of gambling legalization, states have shifted from the role of gambling regulator to that of gambling promoter. In doing this, they are liberalizing regulations designed to protect the public and spending more on gambling advertisements and promotions.

In the future, if governments do not find better ways to raise public revenues, they will continue to move in the direction of encouraging people to gamble more. The result is likely to be increased cannibalization of existing businesses and increased public costs of dealing with the social and economic consequences.

A Schizophrenic Role for Government

As legalized gambling expands, government officials are increasingly putting themselves in a schizophrenic position. While their official role was to regulate gambling, they are now using gambling to produce revenues and jobs. In order to do this, they are liberalizing regulations, spending more on advertising and promotions, and in some cases subsidizing gambling activities. In the process, they are encouraging more people to gamble.

A 1988 New Jersey Governor's Advisory Commission warned of the state's growing dependence on gambling revenues. Its report notes:

> The casino industry's response in the early 1980's to its decline in revenues was to wage a campaign against state regulation, charging that such regulation inflated the costs of operation, thereby reducing revenues, and interfered with the efficient operation of their casinos. The more entrenched is gambling in the budget process, then the more successful the industry may be in causing the

relaxation of regulatory policies and procedures with which they do not agree.[196]

A 1993 Boston Globe editorial indicates how government gambling dependency has been created through state sponsored gambling. The editorial warned that legislative proposals to severely cut the Massachusetts State Lottery's advertising budget would negatively impact city budgets. "An $8 million cut would weaken the lottery's ability to advertise, which some might appreciate on ethical and aesthetic grounds. But local aid might be jeopardized if the lottery is unable to promote its games."[197]

By 1991, state lotteries were spending about $300 million a year in advertising their gambling products. At about that time, the California lottery became the largest purchaser of advertising in Los Angeles County.[198]

As states moved towards promoting more gambling they found themselves increasingly concerned with the psychology of player behavior to sell their products. Kentucky's lottery director, for example, describing the psychology of people who gamble at

---

[196] Report and Recommendations of the Governor's Advisory Commission on Gambling, June 30, 1988, Trenton, NJ, p. 12.

[197] Boston Globe, June 23, 1993, p. 14.

[198] "Lottery Leads List of L.A. Radio Advertisers," L.A. Business Journal, June 4, 1990. Cited in Rose, I. Nelson, "Gambling and the Law-Update 1993," COMM/ENT, Hastings Communications and Entertainment Law Journal, Hastings College of Law, University of California, (Fall 1992).

the lottery, said they are people who play against enormous odds, and, in doing so, they gamble primarily to "dream" and have "fun." When they lose, he said, they tend to blame themselves and not the state. "(If) there's any upset, it's with themselves: I didn't pick the right numbers".[199] State lotteries use sophisticated market research analysis, including consumer surveys, penetration studies and focus groups, in order to stimulate more demand for their products.[200]

In some states lottery ads play on people's fear of not playing. In a staged Massachusetts lottery commercial, a newsman attempts to interview regular players who lost when they forgot to play on the day their numbers finally came up. Lance Dodes, operator of a Massachusetts treatment center for problem gamblers believes such ads induce more problem gambling behavior. "They are terrified not to play their number, and the Lottery preys on those fears."[201]

One Massachusetts lottery advertisement says: "Don't try to fight it. It's bigger than you are."[202] "No matter what you

---

[199]Katz, Jeffrey L., "Waking Up the Lottery", Governing, Vol. 4, No. 12, (September 1991).

[200]Calonius, Erik, "The Big Payoff from Lotteries," Fortune, March 25, 1991; also cite Minnesota and Massachusetts studies.

[201]Zuckoff, Mitchell, "State-run games flout ad standards," Boston Globe, September 27, 1993, p. 9.

[202]Zuckoff, ibid.

do for a living," says another, "there's an easier way to make money." [203] A New York City subway ad says in Spanish, "The New York State Lottery helped me realize the American Dream." [204] According to a Boston Globe article:

> ...(state lotteries) ignore standards of fairness and accuracy...(since) the Federal Trade Commission, which monitors ads for privately run games and contests, has no jurisdiction over them. Moreover, Congress has exempted state lotteries from most laws that regulate marketing. Lotteries also don't answer to the advertising industry's self-regulatory agency, the National Advertising Division of the Council of Better Business Bureaus.[205]

Gregory Ziemak, a former Director of the Connecticut Lottery and new Director of the Kansas Lottery, reflects the schizophrenia of the state's role in marketing gambling. As Director of the Connecticut Lottery, Ziemak was criticized by some legislators and community leaders for his advertisements. "They say just the fact that you're advertising the lottery is wrong." But keeping his job ultimately depended on legislators who judged him by the bottom line of the revenues he generated, "My success or failure was how sales were. Were sales better than last year, or were they worse."[206]

---

[203]Valle, Paul Della, op.cit.

[204]Zuckoff, Mitchell, Doug Bailey, "US turns to betting as budget fix," Boston Globe, September 26, 1993, p 1.

[205]Zuckoff, "State-run...", op.cit.

[206]Interview with Gregory A. Ziemak, July 8, 1992.

The goal of gambling advertising is expanding the player base and altering consumer purchasing habits. The marketing director of a Canadian lottery said it succinctly, "We believe any promotion that can alter the regular purchasing habits of the consumer is viewed as significantly benefiting our long-term success."[207]

To do this, lottery managers constantly invent new games and promotional programs. "Lotteries are living things," according to Ralph Batch, one of the industry's pioneers. "They have to be massaged to retain the excitement of the public."[208] The Director of Kentucky's lottery also believes tickets must be marketed like other consumer products. "You've got to come up with the 'Improved Ivory Snow' and the 'New and Improved Ivory Snow.' We've got to change the product. People get sick of anything." In keeping with his vision that his state's game must have a distinctly rural flavor, commercials feature a country band singing the slogan, "It's Easy Pickin's!"[209]

Former Oregon lottery director James Davey says, "We're a market-driven organization and I mean we're going to go out and

---

[207]According to Jourdain, J., Marketing Director of the Western Canada Lottery, in "Quote of the Month," Gaming & Wagering Business, (July 15 - August 14, 1992), p. 4.

[208]Lambert, Ralph, "Ralph Batch, Leader in Creating Lotteries for States, Is Dead at 79," New York Times, April 26, 1992.

[209]Katz, Jeffrey L., "Waking Up the Lottery," Governing, September, 1991, Vol. 4 No. 12.

expand this business."[210] He says the way to increase sales is to constantly change games. "Offer something that looks new...at Christmas we do Holiday Cash. With Lucky Stars we play on people's astrological signs. We find that if you run two or three, four or five games at the same time, you'll sell more tickets."[211]

According to Ziemak, the best way to promote the lottery is to publicize the real winners. But sometimes, winners shun such publicity, and need to be persuaded:

> What we tell the winners is, 'Look, you won $5 million, that's news. It's public information whether you agree to talk to the press, or allow us to release it to the press, we're still going to have to release your name, town and the amount won. And if we do that the press might call you because you're not saying anything. Sometimes they get more interested. What we suggest you do is go downstairs and talk with them...'
>
> People see a picture of a Lotto winner in the paper who won $5 million...You know he's a guy like him; he works in the shop, he has kids, he's going to use the money to put the kids through college. You say, 'You know maybe I could win.'[212]

Bret Voorhees, Communications Coordinator of the Iowa Lottery, says the original legislation legalizing the state's lottery mandated that his agency maximize sales and allowed it to

[210] Interview with Jim Davey, September 17, 1992.

[211] Cook, James, "Lottomania," Forbes, (March 6, 1989), p. 94.

[212] Interview with Gregory Ziemak, op.cit.

use 4 percent of revenues to advertise. "We'll do silly stuff all the time like with any other product."[213]

The Iowa lottery referred to 1991 as "the year of the promotions", using special incentives "to reward regular players and remind everyone to play." One promotion had a beeping sound which went off at random in lottery ticket machines. The person buying a ticket at the time received $5. In another, anyone who bought five tickets in a row and lost, was given three free ones.[214] At $5 million for promotional spending that year, owa paid more per capita for promotion than most other states in the country.

Typically the introduction of a lottery brings vast amounts of new revenues and rapidly escalating increases over the first few years, sometimes from 30 to 50 percent a year. This is followed by much slower sales, typically in the range of 3 percent per year.[215] In recent years, there have been precipitous drops in revenue. Twenty-five percent of the lotteries have declined over the previous year and sales in many states are flat.

---

[213]Phone conversation with Bret Voorhees, April 20, 1993.

[214]Iowa Lottery 1991 Annual Report, Des Moines, Iowa.

[215]Calonius, Erik, "The Big...", op.cit., p. 109.

Declining or disappointing lottery revenues have led to more aggressive promotional campaigns to induce more gambling. The experience of New Jersey's lottery is typical of other states. Between 1972 and 1975, New Jersey state lottery revenues declined by 45 percent. The result, according to a New Jersey Governor's Commission report was a major increase in gambling promotions. According to the report:

> Faced with inadequate revenues, the lottery devised new games for different income groups, hired market research firms, created an incentive system for sales agents, modified the prize structure of the games, began the public release of the names of lottery winners, implemented new marketing programs, moved the drawings to a later hour, and began advertising on television.[216]

Until 1975, the federal government prohibited lottery advertising on radio and television. Today, advertising is legal in every lottery state, although some states are more restrictive than others.[217]

---

[216]Lehne, Richard, "A Contemporary...", op.cit., p. 71.

[217]Calonius, Erik, "The Big...", op.cit., p. 109.

States and Their Lottery Advertising Budgets[218]

Fiscal Year 1991 - In Millions of Dollars

State	Budget
Arizona	6.7
California	40.0
Colorado	7.59
Connecticut	4.70
Delaware	0.87
Washington, D.C.	3.54
Florida	34.00
Idaho	1.90
Illinois	21.52
Indiana	11.00
Iowa	6.00
Kansas	2.00
Kentucky	4.60
Maine	1.25
Maryland	8.60
Massachusetts	12.00
Michigan	15.32
Minnesota	13.00

[218] Information provided by Bill Hennessey, Media and Advertising Specialist, State of Connecticut, Department of Revenue Services, Division of Special Revenue.

Missouri	7.45
Montana	.65
New Hampshire	.8
New Jersey	4.80
New York	20.20
Ohio	14.28
Oregon	3.00
Pennsylvania	12.00
Rhode Island	1.60
South Dakota	.69
Vermont	.51
Virginia	16.30
Washington	5.70
West Virginia	2.80
Wisconsin	6.10
Total	291.47

8. The Use of Gambling Revenues and the Growth of the New Gambling Constituencies

Governments use gambling revenues for a wide variety of budget needs. New gambling ventures are sometimes difficult to start because existing constituencies with gambling monopolies lobby to keep them from being legalized.

Funding specific state programs with gambling revenues has tended to make them gambling-dependent. It has also tended to make those groups who benefit from them part of pro-gambling political constituencies.

As growing numbers of people work in the gambling industry, and come to be economically dependent on it, new pro-gambling constituencies will develop to protect these jobs. This will make gambling ventures difficult for government to curtail or terminate.

Most state gambling revenues go into their general funds. But as part of the promotional effort to gain political acceptance of gambling, legislators have often used all or part of government gambling revenues for highly visible and popular social programs - what one gambling executive calls "the three big E's - education, environment and economic development."[219] He could have added a fourth "E" for the elderly. Other earmarked programs include the arts and transportation systems.

Oregon specifically earmarks lottery funds for economic development, which some state legislators complain is too broadly defined. It ranges from providing capital to fledgling businesses to building prisons. As one Oregon official noted,

---

[219]Wentworth, Bruce W., General Manager of Dubuque Greyhound Park, in Walsh, Edward, "Despite Revenue Drop, States Continue To Bet On Gambling To Cure Economies," Washington Post, October 3, 1991.

"Anything where a hammer hits a nail." In Minnesota, 40 percent of lottery proceeds are earmarked for an environmental trust fund, with most of the remaining revenues going into the general fund.[220]

In some states, like Connecticut, all lottery revenues go into a general fund. The slot machine revenues the state receives from the Mashantucket Pequot casino at Ledyard are shared with local communities. Some legislators have complained that wealthier suburban communities are getting a larger proportionate share than poorer inner-city ones.

By 1991, 13 states including rural ones like Idaho and Montana, and urban ones like New York and California had earmarked all or part of their lottery proceeds for education.[221] Both Georgia and Nebraska's new lotteries have earmarked funds for education, and lobbying efforts are underway to create a lottery to generate monies for higher education in Oklahoma.

Earmarking lottery funds for specific programs is problematic. Many educators complain that tying education budgets to lottery proceeds gives them an unstable source of money and hampers their ability to lobby legislators and voters

---

[220]Minnesota Planning, "High Stakes..." p.55.

[221]Pipho, Chris, "Watching the Legislatures," Phi Delta Kappan, (January 1990), p. 342.

for general revenue and local taxes for education. Most often, they say, lottery money replaces, rather than supplements school budgets. According to Bill Honig, California's public school superintendent, "For every $5 the lottery gives to the schools, the state takes away $4."[222] In California, lottery funds for education have been dependent on the fortunes of the state's lottery, declining by about 50 percent since 1988, from about $1 billion in that year to $500 million in 1991.[223]

When the Florida lottery was created, lottery revenues were supposed to supplement state budget help for schools. Wayne Blanton, executive director of the Florida School Boards Association, complained that instead it simply replaced existing revenues and made it difficult to pass local school board issues. "During the 10 years prior to the lottery, we passed 21 of 22 local bond issues (for school construction). After the lottery, we've only passed four of nine."[224]

---

[222]Passell, Peter, "Lotto is financed by the poor and won by the states," New York Times, May 21, 1989, p. E6.

[223]Walters, Laurel Shaper, "Taking a chance on education," Christian Science Monitor, (August 16, 1993), p. 9.

[224]Walters, "Taking a chance...", op.cit.

A report by Minnesota's state planning agency echoes this complaint:

> States that have made key parts of their budgets, such as education (Florida and California), dependent on dedicated revenues, have experienced instability and undermining of public support for general taxation.[225]

Many legislators and educators are especially incensed that the lotteries promote gambling by advertising their contributions to schooling, especially since lottery funding has made other educational appropriations more difficult, and since lottery funding is usually only a small percentage of their total budgets. This ranges from a high of about seven percent of education funds in Ohio and a low of less than one percent in Montana.

Ohio state representative Marc Guthrie, who believes that lottery advertising "sells lottery tickets on the backs of school children", tried unsuccessfully to bar the lottery from advertising their help to schools. "It creates the perception in the eyes of the public that the lottery provides a lot more for education than it does...it causes citizens to respond negatively to local efforts to raise revenue."[226]

In Idaho and Montana, the lotteries promote themselves as important sources of education funds. Idaho lottery

---

[225] Minnesota Planning, "High Stakes...", op.cit., p. 7.

[226] Walters, "Taking a chance...", op.cit.

advertisements say, "Benefiting Idaho public schools and buildings." A promotional brochure for the Montana Lottery says, "Working for Montana's Youth...In just four years of operation, the Montana Lottery has contributed $19,519,781 to Montana schools". The brochures and advertisements don't say how small a percentage of the total education budgets these lotteries provide.[227] In 1991, the Idaho lottery contributed about 2.5% to education - in Montana it was 0.7%.

Tom Bilodeau, research director of the Montana Education Association, complains about such misleading promotions. "We'll get only $7 to $8 million from the lottery this year", says Bilodeau, "which is no more than one percent of the total $800 million budget for K through 12 education in the state. Yet the way it's portrayed as such an important benefit to education undermines our ability to convince local voters of the need for additional levies or state legislators of the need for more funds."[228]

Earmarking lottery funds also tends to make people involved in the "3 E's" more dependent on expanded gambling as a source of money for their budgets. With a freeze on local property taxes in Montana and with federal funds drying up, Bilodeau says

---

[227]Brochure from the Montana Lottery, Helena, MT, No date given; received in 1992.

[228]Phone interview with Tom Bilodeau, Research Director, Montana Education Association, Helena, MT, July 14, 1993.

educators have had increasingly to turn to the lottery. "Educators have become uneasy about their relationship to the lottery," he says. "They have become reluctant supporters since they have no place else to turn."[229]

According to Eric Feaver, president of the Montana Education Association, raising money from lotteries is more than just a problem for educators and educational budgets. "It's a metaphor on our whole social attitude toward services, taxes, and government programs . . . that you're going to get something for nothing."[230]

The expansion of gambling ventures are creating ever larger constituencies in the form of new workers and gambling-related businesses that are likely to lobby for government protection in the future. As difficult as it is for a state or local government to decide to legalize gambling ventures, these constituencies make it even harder to unmake that decision. As one of the politicians who led the battle to legalize gambling in Atlantic City said, "Once the casino opens and the dice begin to

---

[229]Bilodeau, Tom, op.cit., (July 14, 1993).

[230]Dennison, Mike, "Lottery nets big bucks for big sky," Great Falls [Montana] Tribune, (July 11, 1993).

roll, gambling creates an instant constituency. People depend on it for jobs. Governments depend on it for revenues."[231]

[231]Perskie, Stephen P., "The Word from New Jersey - What Hartford Can Expect from Casino Gambling", Hartford Courant, March 29, 1992, p. E1.

9. State-Tribal Relations: Tribal Benefits and Problems

Tribal relations with the states over the issue of tribal-run gambling have generally been adversarial; conditions have varied as a function of particular state politics and especially as a function of the political strength of tribes within a state.

There have been dramatic immediate economic and social benefits in many Indian communities, but there have also been controversies within tribes about the advisability of operating gambling enterprises and about acceding to government mandates to regulate tribal-run gambling.

Indian tribes are concerned about the long-term viability of their casinos. As their revenues have dramatically expanded, state governments have sought ways to tap into or curtail them. There are currently serious legal challenges to tribes' sovereign relationship to the states. These conditions raise serious tribal, state and federal policy and legal questions for the future.

Since the Seminole Tribe of Florida opened the first high-stakes bingo game on Indian land in 1979, commercial gaming on Indian reservations has mushroomed. Today more than 70 tribes, more than one-third of all tribes outside of Alaska, run more than 100 gaming operations in 20 states.[232] According to industry estimates their casinos grossed about $6 billion in 1992. Charles Keechi of the Delaware Nation, past president of

---

[232]Precise figures for the current extent of Indian gaming are hard to come by. As of April 1993, Carl Shaw, a spokesman for the federal Bureau of Indian Affairs, stated that 62 tribes were involved in commercial gaming, while a New York Times article in January 1994 put the number at 74. (Meier, Barry, "Casinos Putting Tribes at Odds" New York Times, January 13, 1994, p. D1.) Given the rapid pace of expansion of Indian gaming, the number of tribes involved will undoubtedly continue to grow. Indian gaming operations are now underway in Arizona, California, Colorado, Connecticut, Idaho, Iowa, Florida, Louisiana, Minnesota, Mississippi, Montana, Nebraska, Nevada, New York, North Dakota, Oklahoma, Oregon, South Dakota, Washington, and Wisconsin, and are being sought by tribes in Massachusetts and Rhode Island.

the National Indian Gaming Association, predicts that eventually nearly every one of the more than 500 Indian reservations in the United States (more than 300 of which are on the mainland, with 200 in Alaska) will have a gaming operation.[233]

Most states have opposed, at least initially, high-stakes casinos on Indian reservations. They view Indian gaming as non-taxable competition with their existing and possible future lotteries, racetracks, casinos and other gambling enterprises. They also resent the fact that Indians can engage in commercial gambling in states where it is not generally permitted.

In a few cases, notably Minnesota, where there are 11 federally designated and politically active tribes, the state government has been receptive to signing federally-mandated compacts with tribes. In Connecticut, with one federally designated small tribe, the state government began with an adversarial relationship, refusing to sign a compact with the tribe until it was forced to do so by the federal government. In Idaho, a state referendum to block tribal casinos by constitutionally prohibiting all casinos, but allowing lotteries, passed by a 58 to 42 percent vote.

---

[233]Keechi's prediction is quoted in Connor, Matt, "Indian Gaming: Prosperity, Controversy," International Gaming & Wagering Business, (March 15, 1993 - April 14, 1993), p. 8.

In some states, Indian tribes have been conciliatory to state requests to temper their gambling operations, for fear of encouraging political demands for competing non-Indian casinos. In Minnesota, the tribes agreed to limit the table games to blackjack. In Connecticut, the Mashantucket Pequots decided to share their slot machine revenues with the state as a way of gaining access to lucrative slot machines and to head off heavy political and gambling industry lobbying for casinos in Hartford and Bridgeport.

As Indian tribes began to open new casinos, the owners of non-Indian gambling enterprises and politicians used lobbying, legal challenges and foot dragging to curtail them. Many states' officials refused to negotiate in good faith with tribes about proposed casinos, as required by law, forcing the tribes to sue them. Later, more than ten states raised legal challenges to the validity of the 1988 federal Indian Gaming Regulatory Act (IGRA), the law permitting Indian gaming. In May 1993, Donald Trump sued the federal government and the tribes to stop Indian gaming, claiming it violated the Constitution.[234]

The experience in Connecticut persuaded some legislators in other states to go forward with their tribal-state compacts. In

---

[234]King, Wayne, "Trump, in a Federal lawsuit, seeks to block Indian casinos," New York Times, May 4, 1993, p. B6; Connor, Matt, "Trump sues the US over Indian Gaming issue," International Gaming & Wagering Business, (June 15 - July 14, 1993), p. 1.

Connecticut, the state had failed to get the US Supreme Court to stop the state's single federally designated tribe, the Mashantucket Pequot, from opening a casino, and was forced to negotiate with the tribe.

In most other states, negotiations with tribes grew increasingly contentious. In 1992 Arizona governor Fife Symington signed compacts with four tribes, the Fort McDowell, Prescott Yavapai, Cocopah and the Tohono O'odham, on the Ak-Chin reservation, allowing each of them to operate up to 250 slot machines. But after a federal mediator said the tribes could operate other kinds of games at the casinos, the governor persuaded the state legislature to pass a bill banning all casino gambling in the state, which would have severely limited Indian casino ventures. The governor has been accused of taking an anti-casino stance as the result of campaign contributions he received from horse and dog track owners. After more than a year of bitter dispute, a compromise proposed by Interior Secretary Bruce Babbitt allowing slot machines, but no table games in reservation casinos finally appeared to be agreed upon.[235]

In California, 17 Indian tribes have sued the state, arguing that they have the right to operate electronic gaming machines in their casinos since the state itself operates a

---

[235]Connor, Matt, "Finally an Indian gaming compromise is reached in Arizona," International Gaming & Wagering Business, (July 15 - August 14, 1993), p. 48.

lottery and keno games which use the same technology as slot machines. A federal judge agreed with the Indians in September, but California is appealing the decision, which a high-ranking official in Governor Wilson's office called "ludicrous on the face of it." Meanwhile, the tribes met with Janet Reno after their legal victory, saying they had Justice Department support.[236]

In April 1993 New York's Governor Mario Cuomo signed an agreement which has resulted in the Oneida Indian Nation building a $10 million bingo hall and casino, near Verona, N.Y., about 40 miles east of Syracuse. There are no provisions for slot machines in the agreement, and the pact will give New York police and regulators broad power to oversee reservation gambling.[237]

Other states are trying to preempt the creation of Indian casinos with explicit laws that more clearly prohibit certain forms of gambling. In Nebraska, a proposed amendment to an existing law could strengthen the state's current ban against casinos. The tribes, however, will be allowed to operate keno games whose number picking plays are similar to the state's existing lottery. A similar strategy against tribal-run gambling

---

[236]Connor, Matt, "Federal court: California must negotiate with tribes on electronic games," International Gaming & Wagering Business, (September 15 - October 14, 1993), p. 3.

[237]Dao, James, "Cuomo Signs Pact with Indians for Casino in Upstate New York," New York Times, April 17, 1993, p. 1.

is being used in Wisconsin, where the governor and attorney general are promoting a referendum aimed at eliminating all forms of gambling except the state lottery, bingo, raffles and pari-mutuel betting. Indians opposed to this referendum are being joined by bar owners hoping to install slot machines in their bars.[238]

States are claiming that the Tenth and Eleventh Amendments prohibit Congress from permitting Indian gaming in the Indian Gaming Regulatory Act (IGRA) that was enacted in 1989. Their legal tactics have created additional delay in the negotiation process, and slowed the growth of Indian gaming. In cases where negotiations are still going forward between states and tribes, such technical legal defenses have shifted the balance of power. These delays created time for the states to organize politically, and they are now actively lobbying Congress for changes in the IGRA.

Forty-nine governors have petitioned Congress to clarify the law, and on February 2, 1993, the National Governors Association adopted a policy which would significantly curtail the type of gaming permitted under the Act. In the governors' view, Indian gaming should have to operate under the same restrictions as those that apply to all other gaming in the state. For example, if the state permitted casino games only on

[238]ibid., p. 47.

so-called "Las Vegas nights," run for charitable purposes, the Indian gaming would have to follow all the rules of charitable gaming, including limits on betting, hours, employees, etc.

The tribes, believing that as sovereign entities they have the right to operate gaming independent of state regulation, fiercely oppose such changes to the IGRA. Many tribal leaders continue to feel that the Act's provisions are already too intrusive on their autonomy, and believe that if amended, the situation will only get worse. The official position of the National Indian Gaming Association (NIGA) is to leave the Act alone. According to Congressional testimony by the Chair of NIGA, "IGRA represents a very delicately balanced compromise. The NIGA tribes did not necessarily like the compromise, but a deal was struck. We support a fair implementation of that deal and we expect that others will also."[239]

State officials are not the only opponents to the growth of Indian gaming. Many spokespersons for Indian gaming believe that the real power behind the attacks on the IGRA and on Indian gaming come from private gaming interests, such as the casino industry in Las Vegas and Atlantic City and the horse-racing industry nationwide. Charles Keechi, former president of the National Indian Gaming Association,told Congress during his 1992

---

[239]Testimony of Leonard Prescott, Chair, National Indian Gaming Association, before the House Committee on Interior and Insular Affairs, January 9, 1992.

testimony that "Our ancestors were told to surrender their weapons and now we are being asked to surrender again, not our bows and arrows but our bonds and assets."[240]

On February 26, 1993, several Congressmen and Senators introduced bills to severely curtail new tribal gambling operations.[241] The bills would ban Indian casinos unless individual states expressly allowed them as part of a "commercial, for-profit enterprise," with specifically authorized games, and would require that the tribes make records of income available for government review. Bills were sponsored in the House by Rep. Robert G. Torricelli of New Jersey, and in the Senate by Nevada Senators Harry Reid and Richard Bryan.

These Congressmen claimed their motivation was to stop organized crime from infiltrating the new Indian casino businesses. According to Rep. Torricelli, "There's no doubt in my mind [that] a number of these casinos are fronts for organized crime." He also said it would restore competition, since tribal casino revenues are exempt from taxes.

Indian leaders called the bill a parochial move to protect existing private casino interests and to hamper Indian economic

---

[240]Testimony of Charles Keechi before the House Committee on Interior and Insular Affairs, January 9, 1992.

[241]Lightman, David and Hillary Waldman, "Bid in Congress Would Curb Indian Gaming," Hartford Courant, May 27, 1993, p. A1.

development. According to Tim Wapato, Executive Director of the National Indian Gaming Association, "It's an attempt to forestall economic development of Indian tribes for the benefit of some white man in New Jersey."[242] More explicitly, Connecticut Congressman Sam Gejdenson, whose district includes the Mashantucket Pequot's casino, said, "This is attempt by Donald Trump and the casinos in Las Vegas and Atlantic City to make sure they have no competition."[243] Rick Hill, chairman of the National Indian Gaming Association, calls the bills "the Donald Trump Protection Acts."[244]

To date there is no evidence that organized crime has significantly infiltrated Indian gambling operations. While a report from the Interior Department's Inspector General in the Bush administration raised questions about possible corruption, a later Justice Department report said that the concern about criminal involvement "does not stand up under close examination."[245]

In states where Indian gaming has been successful, such as Connecticut, where the Mashantucket Pequot tribe's Ledyard casino

---

[242]Lightman, David, et.al., "Bid in Congress...", op.cit.

[243]Lightman, ibid.

[244]Connor, Matt, "Nevada, N.J. Legislators sponsor Indian gaming bills," International Gaming & Wagering Business, (July 15 - August 14, 1993), p. 1.

[245]ibid.

became the highest-grossing gaming facility in the nation, private non-Indian gaming interests lobbied to legalize off-reservation gambling. In early 1992, Steve Wynn, an owner and developer of casinos, courted Connecticut citizens and legislators in a massive lobbying campaign to legalize casinos in Bridgeport and Hartford, both economically depressed cities.

The Governor, who opposed legalizing gambling, staved off this pressure by signing an agreement with the Pequot tribe which permitted it to install slot machines at its casino in exchange for an annual payment of approximately $100 million to the State. However, if gambling is legalized off the reservation, this agreement is nullified.

In some states controversey has arisen about whether the governor or the legislature has the final authority to enter into compact agreements with the tribes. In Kansas, for example, the dispute between the legislators and the governor became so heated in had to be resolved in court. The Supreme Court of Kansas ruled that it is the state legislature, not the governor, which has this power.

President Clinton, who has close political ties both with some tribal leaders and with a number of the affected governors, has attempted to avoid a showdown on the issue of state vs. tribal sovereignty by working out a political compromise between the opposing sides. He delegated Secretary of the Interior Bruce Babbitt to meet with tribal and state representatives to see if any negotiated resolution is possible. Senator Daniel K. Inouye (D, Hawaii), one of the IGRA's sponsors, has played a key Congressional role on this issue and is trying to broker an agreement that will satisfy all parties. A task force with representatives from the National Governors' Association, the National Attorneys General Association, and tribal leaders has been meeting to try to hammer out a compromise.

At this point, it remains unclear if IGRA will be amended, and if so, how. Whether or not it is, there is sure to be continuing controversy and litigation about the Act and the conflicting regulatory powers of the tribes, the states and the federal government as both Indian and non-Indian gaming proliferates. The struggle between state legal authorities and tribal leaders about the scope of tribal autonomy to control gaming on the reservation is likely to intensify, especially as competition between Indian and non-Indian games increases. Congress may find it increasingly difficult to maintain the wary neutrality it attempted to create for itself in the IGRA.

Indeed, one possible ironic outcome of the states' lobbying pressure on Congress for greater power to control Indian gaming is that Congress may decide instead to set up uniform national rules to govern Indian gaming, closing off state input altogether. While the tribes may prefer this to dealing with each of the states individually, some of whom are quite hostile to Indian interests, it would hardly represent the endorsement of tribal sovereignty which some native American leaders seek.

The Continuing Struggle Over Sovereignty and Gambling

Conflicts which once were fought out over land and resources now involve slot machines and blackjack tables. Lawyers and lobbyists have replaced warriors and cavalry as tribal and state governments engage in legal battles over the power to control gambling development. Many Indian leaders expect that states and private gambling entrepreneurs will use the proliferation of Indian-run gambling as a political argument to press for the legalization of non-Indian gambling operations to compete with them. The former Principal Chief of the Cherokee Nation of Oklahoma, described tribal-run gambling as a "trojan horse", which will be used to expand non-Indian gambling ventures.[246] Many state politicians argue that all state gambling decisions should reside with the state's electorate.

[246] Session on "The Economics of Indian Reservation Gambling" at the World Gaming Congress and Expo '91, Las Vegas Convention Center, Las Vegas, Nevada, September 24,1991. See especially statements by Ross Swimmer, former Principal Chief, Cherokee Indian Nation and former Assistant Secretary for Indian Affairs, Department of the Interior.

"What happens within a state ought to be decided by that state's citizens," said Gov. Roy Romer of Colorado, chairman of the National Governor's Conference. "A state ought to make that decision for itself, and it ought not to have a dictate from the Federal Government as to what should be the form of gaming and gambling within that state." Gov. Romer led a delegation of four governors to Washington to protest the IGRA, including Gov. Fife Symington (AZ), Gov. Bob Miller (NV), Gov. Bruce Sundlun (RI), and Gov. Joan Finney (KS).

Another area of conflict between state and tribal governments has been over the issue of what qualifies as tribal reservation land. Understandably, some tribes with remote or poorly accessed land would like to acquire more attractive parcels for casino development. In Oregon, the Confederated Tribes of the Siletz Indians are attempting to buy land for a casino in Salem, the state capital. In Iowa, the Santee Sioux tribe proposes a casino on land in Council Bluffs. In Connecticut, the Golden Hill Paugussetts, who are not recognized by the United States government, have applied for federal recognition and have gone to state court with land claims in downtown Bridgeport and four suburbs.[247] In New Jersey the Ramapough Indians have aroused Donald Trump's ire by applying for

[247] "Indian Tribe's Lawsuit Feeezes Property Owners' Land Titles," New York Times, March 19, 1993, p. B5; and Judson, George, "Land Claim by Indians Is a Tactic in Casino Bid," New York Times, June 21, 1993, p. B1.

federal recognition, the first step toward negotiating with state officials for a gaming compact.

Although there is controversy even within the native American community about the expansion of Indian gaming,[248] generally the tribal leadership believes that gaming represents one of the best current opportunities for Indian economic development and self-sufficiency. In 1991, Gaiashkibos, President of the National Congress of American Indians, told a Congressional subcommittee, "The harsh reality is that the financial world has not historically looked towards locating business on Indian reservations. We had no competitive edge to attract non-Indian business nor the financial resources to create our own businesses and employ our people. But that window of opportunity which opened the way for gaming has given us the competitive edge and opened the door for other economic ventures as well...Gaming is all that many tribes have today that can work".[249]

---

[248]For example, on the Mohawk reservation in upstate New York, fierce battles between pro- and anti-gaming factions in 1990 about whether or not to permit casino gaming left two tribe members dead, and recent negotiations by tribal leaders with New York Governor Mario Cuomo to proceed with casino plans threaten to re-awaken this controversy. See Dao, James, "Casino Issue Divides Mohawk Reservation in New York," New York Times, March 21, 1993, p. 33.

[249]Gaiashkibos, Statement before the House Interior and Insular Affairs Committee on Gaming on Reservations, National Congress of American Indians, Washington, DC, (January 9, 1991).

Another alternative for economic development which some tribes are considering is to sell the use of their reservation land as land fills for materials which are unacceptable for other communities. At least five tribes are now studying the possibility of doing this for atomic waste.

Since Indian tribes do not have to report their income or pay taxes, there are no precise figures of their revenues. There are, however, a number of estimates. The New York Times reported that in 1992, "(a)ccording to industry estimates Indian casinos generated $6 billion in revenues."[250] It reported that the Mille Lacs Band of Chippewas in Minnesota were receiving annual revenues of $15 million.[251] This is confirmed by statements to us by a Mille Lacs official who said that the tribe in mid-1992 was receiving about $1 million a month in gaming revenues.

The New York Times also reported in early 1993 that even before Connecticut's Mashantucket Pequot tribe was given the right to operate its lucrative video slot machines that "total bets can range from $500,000 on a slow day to $3 million on a busy weekend day, with the tribe netting at least a third, in the estimate of one Foxwoods official." By mid-1993, after the Pequots had concluded an agreement to share slot machine revenues

---

[250]Dao, James, "Casino Issue Divides Mohawk Reservation in New York." New York Times. March 21, 1993, p. 33.

[251]Clines, Francis X., "With Casino Profits, Indian Tribes Thrive," New York Times, January 31, 1993, p. A1.

with the state, and therefore were required to make slot revenues available, the Times reported that the tribe had gross profits of $26 million in July alone.[252] Although Indian casinos are exempt from federal and state income taxes, state sales tax and municipal real estate taxes, they are still subject to social security and Medicare taxes.

Largely as the result of its Indian casinos and charitable gambling operations, Minnesota now ranks as the nation's third largest gambling state, in terms of revenue, behind New Jersey and Nevada. In 1992, the state's thirteen Indian gaming operations employed approximately 5,700 people, with about 28% of these jobs held by Indians and 72% by non-Indians. Four of these casinos are the largest employer for their nearest city.[253] Employment numbers are predicted to increase to 11,300 by 1994.[254]

Controversies within the Tribes

There is hardly unanimity within the Indian community about the future of gambling operations on reservations. Within the tribes themselves, there is sometimes strong opposition to

---

[252]Johnson, Kirk, "Indians' casino money pumps up the volume," New York Times, September 1, 1993, p. B1.

[253]Midwest Hospitality Advisors. Impact: Indian Gaming in the State of Minnesota, St. Paul, MN, (1992).

[254]Minnesota Planning. High Stakes. op cit.

gambling as an economic development strategy. In one struggle several members of the Mohawk tribe were killed in upstate New York during armed clashes between pro- and anti-gambling factions.

As state compacts are signed and outside government bureaucrats, police and judges become involved in regulating tribal gambling, some argue that the tribes will eventually lose their sovereign status. An important case is currently being fought out in court between the Miccosukee tribe of Florida and the non-Indian management company, Tamiami Partners, which the tribe hired to run its high stakes Bingo operation. When the tribe became disenchanted with Tamiami Partners' performance, it had tribal police investigate the company and terminated their contract, claiming fiscal improprieties and ties to organized crime. The tribe fired Tamiami Partners' managers and evicted them from the reservation. But the company bypassed a tribal court and went to a federal judge, who ordered it reinstated. After a tense stand-off, a higher court intervened, and now will decide if the tribal court or a federal court should have the final say.[255]

There are also concerns about the loss of traditional tribal values. According to Gerald Thompson, a tribal member who

---

[255]"Issue of Indian Sovereignty Behind Gambling Case," New York Times, June 11, 1993, p. A26.

opposes the proposed Oneida casino in upstate New York, "It's been proven that there is an increase of family breakdown, domestic violence, and child abuse when people gamble. Is the money worth the devastation that could happen to our people?"[256]

When the Navajo tribe debated overturning its tribal rule banning casinos in order to get in on the Indian gambling boom, some members feared the social consequences of commercial gaming. "Many of our people were concerned that those on welfare would run over to a casino with their government checks to win the big payout and end up going hungry," said Duane Beyal, a Navajo spokesman. Nonetheless, the tribe adopted new rules permitting casino gambling.[257]

As Indian gaming proliferates, each tribe scrambles to get its own operation up and running, and the corporations that dominate Las Vegas and Atlantic City casino gambling are now pressing to invest in and manage these operations for the tribes. Harrah's, Caesars World and Mirage Resorts, Inc. have all signed agreements with tribes to help develop and run their casinos. In response, the Shakopee Mdewakanton Dakota Community, which runs a very successful casino in Prior Lake, Minnesota, has formed its

---

[256]Dao, James, "Cuomo Signs Pact with Indians for Casino in Upstate New York," New York Times, April 17, 1993, p/.1.

[257]Meier, Barry, "Casinos Putting Tribes at Odds," New York Times, January 13, 1994, p. D1.

own consulting company to try to retain more control in Indian hands.

While many tribal leaders believe that Indian gaming will continue to grow and flourish in the short term, and that it represents the best opportunity for tribal economic development now available, they are also realistic about its limitations. Timothy Wapato, the executive director of the National Indian Gaming Association, says that while presently "gaming is probably the most viable economic development for Indian tribes," at the present time, he expects it may taper off in 3 - 5 years as more states legalize more non-Indian gambling. "Realistically," he adds, "we know Indian tribes have a relatively short window of opportunity to generate that cash flow so other economic opportunities can be explored, so a broader base for their economy can be set up."[258]

---

[258]"Tribes 'will not stand' for further gaming restrictions," International Gaming & Wagering Business, (January 5, 1994), p. 17.

The Legal Environment of Indian Gaming

Stephanie A. Levin, Esq.

The legal environment within which Indian gaming operates is both unique and controversial. It is unique because the Indian nations, as conquered peoples not party to the Constitution, have always occupied an uneasy place within the American legal framework, at the boundaries of the law of conquest, treaty, and land purchase. It is controversial because Indian gaming from its inception has provoked sharp debates between the tribes and the state and federal governments over who has the right to regulate, control and police gambling operations on Indian land. Not only are these debates unresolved at the present time, but they are growing in complexity and intensity as gaming operations play an ever-larger role in the economic development planning of both Indian and non-Indian groups.

Controversy about the legal regulation of Indian gaming echoes and amplifies long-simmering historical disputes about the power relationships among the tribes, the United States federal government, and the states. Each government asserts its own rights to "sovereignty," or self-rule, independent of the others, as well as certain rights of control over the policies of the others. At different times in our history, the legal rules for determining the boundaries of these respective powers have shifted, and many of the rules still remain contested.

In our system, the federal government has only those legal powers delegated to it by the Constitution, while the state governments retain all other legal power within their jurisdictions, including the right to regulate civil and criminal activity. This is spelled out in the Tenth Amendment, which says that "[t]he powers not delegated to the United States by the Constitution...are reserved to the States..."

But where the federal government does have power to act, it has legal supremacy over the states.[259] Since Indian tribes occupy an unclear and still-evolving status between nationhood and dependency, their place within this scheme remains unsettled.

Since the early nineteenth century, the states and the federal government have repeatedly clashed over which could enforce its law upon the tribes. States believe they should have the power to regulate activity on reservations which fall within their boundaries. But the federal government has relied on two main constitutional provisions to claim that it has superior

---

[259]Article VI, clause 2 of the Constitution, called the "supremacy clause," reads: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding."

rights to deal with the Indians: the treaty power,[260] which empowered it to enter into treaties with the Indian nations; and the so-called "Indian commerce clause," which gives Congress the power "[t]o regulate Commerce...with the Indian tribes."[261]

The Supreme Court, which ultimately decides such controversies, has agreed that federal, not state, law, is the final legal authority where Indians are concerned.[262] Through its decisions in specific cases, the Court has over time developed an approach to handling competing power claims. While it acknowledges that Indian tribes "retain attributes of sovereignty over both their members and their territory"[263] which make them partially exempt from the legal power of the states within which they are located, it has ruled that tribes are entirely subordinate to the federal government's power to regulate them at will.[264]

---

[260]U. S. Constitution, art. II, section 2: "He [the President] shall have Power, by and with the advice and consent of the Senate, to make Treaties, provided two-thirds of the Senate present concur . . . ."

[261]U. S. Constitution, art. I, section 8.

[262]See United States v. Kagama, 118 U.S. 375 (1886).

[263]United States v. Mazurie, 419 U.S. 544, 557 (1975)

[264]The basic outlines of this doctrine were established by Chief Justice Marshall early in the nineteenth century in Worcester v. State of Georgia, 31 U.S. (6 Pet.) 515 (1832) and Cherokee Nation v. State of Georgia, 30 U.S. (5 Pet.) 1 (1831), and further developed in Williams v. Lee, 358 U.S. 217 (1959).

The Cabazon Case

After the Seminole and other tribes began operating profitable high-stakes bingo and card games in the late 1970's and early 80's, state governments threatened to shut them down because state laws prohibited commercial gaming activity. The tribes challenged the states' power to do this in court,[265] with the question finally reaching the United States Supreme Court in 1987, in a case brought by the Cabazon and Morongo Bands of Mission Indians, which have reservations in Riverside County, California.[266] The outcome of the Cabazon case has set the basic parameters for developments in Indian gaming ever since.

Each Band in the case, with the approval of the Secretary of the Interior, had been operating bingo games, and the Cabazon Band also ran a card club. These gambling activities were the Tribes' sole source of income, and a major source of employment. The Tribes conceded that their games violated California law, which permitted only charitable bingo games with low-stakes prizes staffed by volunteers. However, they claimed that California could not apply its law to them.

---

[265]See, e.g., Barona Group of Capitan Grande Band of Mission Indians, San Diego County, Cal v. Duffy, 694 F.2d 1185 (9th Cir. 1982), cert. denied, 461 U.S. 929 (1983); Seminole Tribe v. Butterworth, 658 F.2d 310 (5th Cir. 1981), cert. denied, 455 U. S. 1020 (1982); Mashantucket Pequot Tribe v. McGuigan, 626 F. Supp. 245 (D.Conn.1986); Oneida Tribe of Indians v. Wisconsin, 518 F.Supp. 712 (W.D.Wis. 1981).

[266]California v. Cabazon Band of Mission Indians, 480 U.S. 202 (1987).

California recognized that under the rules developed in earlier cases, Congress, and not the state government, had the ultimate power to regulate tribal activity. California argued, however, that in two federal statutes Congress had specifically delegated its regulatory power to the states. The first was Public Law 280,[267] passed by Congress in 1953. This law gave six states, including California, the unqualified right to enforce their criminal laws against both Indians and non-Indians on the reservation, and a limited right to extend the reach of their civil law onto the reservation. The second was the Organized Crime Control Act of 1970 (OCCA),[268] which California claimed also authorized the application of state law to reservation gambling operations.

According to the Court, the critical issue was whether the state laws regulating gambling qualified as "criminal" or "civil." If they were criminal laws, Public Law 280 meant that they did apply on the reservation. But if they were civil laws, the Court said, they could not be used on the reservation. To support this, the Court cited an earlier case which had interpreted the civil provision of Public Law 280 very narrowly, saying it only gave states the right to let their courts

---

[267]Pub. L. 280, 67 Stat. 588, as amended, 18 U.S.C. s.1162, 28 U.S.C. s.1360

[268]84 Stat. 937, 18 U.S.C. s.1955

adjudicate civil lawsuits on the reservation, not the right to enforce civil regulatory laws.[269]

California insisted that its bingo statute was criminal, since violation of any of its provisions (e.g., requiring only volunteer employees, or limiting the size of prizes) was defined as a misdemeanor, or minor crime. However, other lower courts had already rejected this claim, saying that unless the law's purpose was entirely to prohibit the conduct at issue -- in which case it would be considered "criminal/prohibitory" and applicable on the reservation -- the law must be considered "civil/regulatory." This was because it permitted the conduct at issue, but regulated it. As a civil/regulatory law, it was not applicable on the reservation under Public Law 280. The lower court explained that the central test of this distinction was "whether the conduct at issue violates the State's public policy" and found that bingo and card games did not.

Although the Supreme Court admitted that the line was rather cloudy, and a difficult one to draw, it endorsed the lower courts' distinction between "criminal/prohibitory" and "civil/regulatory" laws. It also agreed that California's gaming statute was "civil/regulatory," pointing out that California had no general policy prohibiting gambling, but rather ran a state

[269]That earlier case was Bryan v. Itasca County, 426 U.S. 373 (1976), which held that Minnesota could not, as a result of Public Law 280, enforce its tax laws on the reservation.

lottery itself as well as allowing parimutuel horse-racing, card games and bingo. The opinion stated, "In light of the fact that California permits a substantial amount of gambling activity, including bingo, and actually promotes gambling through its state lottery, we must conclude that California regulates rather than prohibits gambling in general and bingo in particular." [270]

The Court also rejected California's argument based on OCCA. Although OCCA permitted the federal government to prosecute gambling operations which violated state law, the Court pointed out that the federal government did <u>not</u> want to prosecute Indian bingo operations; indeed, "[w]e are not informed of any federal efforts to employ OCCA to prosecute the playing of bingo on Indian reservations, although there are more than 100 such enterprises currently in operation..."

Federal policy under the Reagan administration was to encourage the development of Indian gaming, not to stop it. Even assuming OCCA gave the federal government the power to stop Indian gambling because it violated state law (and the Court explicitly refused to decide this, since it was not at issue in the case), it gave the state of California nothing.

Thus, the Court held that neither Public Law 280 nor OCCA gave the state of California the right to enforce its bingo

---

[270] 480 U.S. at 211

statute on the reservations. It's significant that the Court didn't simply stop there, but added that even if there were no congressional statute giving states the power to apply their laws to the tribes, there might be some "exceptional circumstances" in which states nonetheless could enforce their laws on the reservation. Although the Court found no such circumstances in this case, the Cabazon case explicitly left the door open for state regulation of Indian activity on the reservation under other sets of circumstances.

In Cabazon, however, the Court thought that state regulation of Indian bingo was precluded by Congress's "overriding goal of encouraging tribal self-sufficiency and economic development,"[271] a policy reaffirmed by President Reagan in his 1983 Statement on Indian Policy.[272] The Court noted that the Department of the Interior had actively promoted gaming enterprises on the reservations, an approach summarized in an affidavit submitted to the Court by the Director of Indian Services, Bureau of Indian Affairs:

> It is the department's position that tribal bingo enterprises are an appropriate means by which tribes can further their economic self-sufficiency, the economic development of reservations and tribal self-determination...Furthermore, it is the Department's

---

[271]480 U.S. at 216

[272]The Court quoted this Statement as saying "It is important to the concept of self-government that tribes reduce their dependence on Federal funds by providing a greater percentage of the cost of their self-government." 19 Weekly Comp. of Pres. Doc. 99 (1983).

position that the development of tribal bingo enterprises is consistent with and in furtherance of President Reagan's Indian Policy Statement of January 24, 1983.

Against this clear federal policy of encouraging Indian gaming operations, the Court balanced California's only asserted interest in using state law to stop them: the prevention of infiltration of tribal games by organized crime. While recognizing this was a "legitimate concern,"[273] the Court found it insufficient -- especially since there was no evidence of any actual problem in this regard -- to justify state regulation, given the strength of the federal interest in the opposite direction.

Three justices (Stevens, O'Connor and Scalia) dissented from the majority's opinion, finding that unless and until Congress specifically endorsed Indian gambling and set up some regulatory scheme to deal with it, the states should be permitted to enforce their laws on the reservation. While agreeing that "gambling provides needed employment and income for Indian tribes," these justices worried that the majority's approach would also "require exemptions for cockfighting, tattoo parlors, nude dancing, houses of prostitution, and other illegal but profitable enterprises."[274] The dissenters thought California had

---

[273] 480 O.S. at 221

[274] 480 U.S. at 222 (Stevens, J., dissenting). Actually, the majority opinion had already answered this concern by pointing out that any activity which was totally outlawed by the state, like cockfighting or prostitution, could also be prohibited on reservations,

legitimate interests in requiring reservation gambling businesses to comply with the same standards as any other bingo or gaming operators: both economic interests (e.g., tribal gambling revenues would drain funds from the state lottery) and protective ones, to discourage potential criminal activity.

The Impact of Cabazon and the Indian Gaming Regulatory Act

Because the Cabazon decision in effect said that tribes could engage in gaming on their reservations regardless of State regulatory laws, it led to an explosion in tribal bingo games, with gross revenues going from $255 million dollars in 1987 to $1 billion in 1991. It also stimulated an outburst of lobbying by state government officials who were alarmed at the powerlessness the opinion seemed to impose on them. Congress decided to respond to the suggestion of the dissenters in Cabazon that it pass legislation to deal with the issue. After holding hearings and soliciting the opinions of both the tribes and the states, Congress passed the Indian Gaming Regulatory Act (IGRA),[275] on October 17, 1988, attempting to create a framework which delicately balanced federal, state and tribal involvement in the further expansion of Indian gaming.

---

because this would be a "criminal/prohibitory" law. See 480 U.S. at 211, n.10.

[275]Pub. L. 100-497, 102 Stat. 2467, 25 U.S.C. s.2701-2721

IGRA opens with the congressional findings that: (1) "numerous Indian tribes" were engaged in gaming activities for economic development purposes; (2) there were no existing "clear standards" for regulation of gaming on Indian lands; and (3) as a result of Cabazon, tribes would have exclusive rights to regulate any gaming on their lands not regulated by the federal government nor criminally prohibited by the states.[276] Based on these findings, Congress declared the purposes of the Act to be:

> (1) to provide a statutory basis for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments;
>
> (2) to provide a statutory basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation, and to assure that the gaming is conducted fairly and honestly... ; and
>
> (3) to [establish] Federal standards...and a National Indian Gaming Commission...[277]

The Act defines three classes of Indian gaming, each subject to a different regulatory scheme. The first, "class I gaming," consists of "social games solely for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals..."[278] Class I gaming on Indian lands was to be entirely within the exclusive regulatory jurisdiction of the tribes, not subject to IGRA.

---

[276] The full list of findings is set out at 25 U.S.C. s.2701

[277] 25 U.S.C. s.2702

[278] 25 U.S.C. s.2703(6)

"Class II gaming" consists of bingo (whether or not electronic or otherwise technologically-aided) and those card games which were not explicitly prohibited by state law, but "only if such card games are played in conformity with [state laws] regarding hours or periods of operation...or limitations on wagers and pot sizes" (note that this latter requirement changed the law from that articulated in Cabazon). IGRA also explicitly excluded certain card games from the definition of Class II gaming, namely "banking card games, including baccarat, chemin de fer, or blackjack" and electronic facsimilies of any game. However, the law did include a grandfather provision which permitted certain tribes that were already operating card games that did not meet the IGRA test to continue doing so.[279]

IGRA permitted Indian tribes to engage in and regulate class II gaming on their own lands as long as such games were not entirely illegal in the state, the tribe's governing body had adopted an ordinance permitting them, and the Chairman of the National Indian Gaming Commission (NIGC) had approved the ordinance as sufficiently ensuring that all proceeds of the gaming would be used only "to fund tribal government operations or programs" and "to provide for the general welfare" of the tribe and its members.[280]

---

[279] 25 U.S.C. s.2703(7)

[280] 25 U.S.C. s.2710(b)

Finally, Class III gaming was simply defined as "all forms of gaming that are not class I gaming or Class II gaming."[281] In order to be lawful on Indian lands, this type of gaming (which includes all forms of casino gaming like blackjack, roulette, slot machines, etc.) must meet three requirements. First, it must, like Class II gaming, be authorized by a tribal ordinance approved by the Chairman of the NIGC. Second, it must be located in a state which "permits such gaming for any purpose by any person, organization, or entity." Third, it must be "conducted in conformance with a Tribal-State compact entered into by the Indian tribe and the State."[282]

The compacting process which was at the heart of IGRA represented a delicate congressional compromise between the sharply opposed positions of the tribes -- which claimed the right to conduct gaming operations on their territory without any regulatory oversight by the states -- and the states -- which wanted the right to apply their gaming laws both on and off the

---

[281]25 U.S.C. s.2703(8)

[282]25 U.S.C. s.2710(d)

reservations.[283] The goal was to force the two parties at least to talk with one another, and hopefully to reach voluntary agreement on regulatory rules for gaming on the reservations that each could live with.

Under IGRA, any tribe that wanted to conduct class III gaming on its territory would request the state government where it was located to enter into negotiations toward a compact. The state was then required to negotiate with the tribe "in good faith". The compact's terms could include such subjects as how the tribe and the state would divide criminal and civil regulatory authority over the gaming, how taxation and fees would be set, which games would be conducted, etc.

If, 180 days after its request for compact negotiations, the tribe believed that the state was not in fact negotiating in good faith (e.g., if it believed the state were stalling, or stonewalling, or insisting on unreasonable demands), the tribe

---

[283]As the Senate Committee which considered the bill reported:

After lengthy hearings, negotiations and discussions, the Committee concluded that the use of compacts...is the best mechanism to assure that the interests of both sovereign entities are met...The Committee notes the strong concerns of states that state laws and regulations relating to sophisticated forms of class III gaming be respected on Indian land...The Committee balanced these concerns against the strong tribal opposition to any imposition of State jurisdiction over activities on Indian lands. The Committee concluded that the compact process is a viable mechanism for settling matters between two equal sovereigns.

– Senate Report at 13, 1988 U.S.C.C.A.N. 3083.

could sue the state in federal court. The state would then have the burden of proving that it was negotiating in good faith, and if it failed to do so, the court could order the parties to agree on a compact within 60 days. If agreement were not reached within this period, the court was to select a mediator, each side was to submit its last best offer to that mediator, and the mediator was to choose one of these proposed compacts as the final compact.[284] Clearly, the goal of these provisions was to force the parties to interact and reach consensual agreement, if at all possible, while providing a mechanism for resolution of a complete deadlock.

The Act also established a National Indian Gaming Commission (NIGC) within the Department of the Interior, with three full-time members: a Chairman appointed by the President and confirmed by the Senate, and two associate members appointed by the Secretary of the Interior. At least two members had to be enrolled members of an Indian tribe and no more than two could be from the same political party. The role of the Commission was to monitor Class II gaming, to approve tribal ordinances and management contracts for Class II and III gaming, and to levy fines or orders of closure, if necessary, for violations of the Act.[285] The Act provided that civil fines of up to $25,000 per violation could be imposed on the tribal operators of a game or

---

[284] 25 U.S.C. s.2710(7)(B)

[285] 25 U.S.C. s.2704-2706

on management contractors running such games, for any violations of the Act.[286]

A final important provision of the IGRA concerns its applicability to lands acquired on behalf of Indian tribes after the date of its enactment (Oct. 17, 1988). Opponents of Indian gaming were concerned that gaming could spread well beyond the confines of the traditional reservations if tribes acquired additional land after that date either through purchase or as a result of land claims settlements. The IGRA answered this concern by providing that generally gaming could not be conducted on such later-acquired lands. But it also contained a complex set of exceptions, including instances in which the Secretary of the Interior, with the consent of the relevant Governor, finds that such gaming would be in the "best interest" of the tribe and would not be "detrimental to the surrounding community."[287]

As is often the case with compromises, the IGRA really satisfied no one. Many tribes felt it unjustly violated their autonomy by forcing them to negotiate with the states, and some sued to have it invalidated on the grounds that it was too great

---

[286] 25 U.S.C. s.2713

[287] 25 U.S.C. s.2719

an invasion of their sovereignty.[288] The court ruled against them, citing Supreme Court precedent which established that "Congress holds virtually unlimited power over the Indian tribes."[289] Noting that many commentators had criticized this doctrine, the court admitted that, "[t]o put it plainly the doctrine was invented in large part to take the Indians' land," but nonetheless concluded that it was the binding rule.

Many states also opposed the IGRA, believing that it was unfair to permit tribes to engage in commercial gaming operations which weren't allowed to other state citizens. The crucial language was that tribes could develop commercial gaming for any games the state allowed for "any purpose..." Thus, for example, if the state permitted roulette at charitable gaming nights, tribes could claim the right to run casino-style roulette.

In some states, such as Minnesota, negotiations went forward smoothly, compacts were entered into, and reservation gaming began. However, in others, like Connecticut, hostile state governments stalled or refused to negotiate meaningfully, forcing tribes to go to court as provided by the Act.

---

[288]They claimed that the IGRA violated their right to self-determination which had been guaranteed to them in certain treaties, violated their inherent right of sovereignty, and violated the federal government's responsibility, as trustee for the tribes, to act in their best interests.

[289]Red Lake Band of Chippewa Indians v. Schwimmer, 740 F. Supp. 9, 11 (D.D.C. 1990), quoting Lone Wolf v. Hitchcock, 187 U. S. 553 (1903).

Connecticut's response to the request on March 30, 1989 by the Mashantucket Pequot Tribe to enter into negotiations so that the tribe could expand its bingo operation into class III gaming illustrates how governments tried to limit the mandate of the Act. Connecticut's Attorney General informed the tribe that it would not negotiate, as requested, about the tribe's operating games of chance that were permitted under Connecticut law as part of charitable "Las Vegas nights,"[290] unless the tribe agreed to adhere to all the requirements of the "Las Vegas night" statute. This position, which was contrary to the ruling in the Cabazon decision as well as to the IGRA, would have made any commercially viable operation impossible. The tribe sued the state for failure to negotiate in good faith.

The tribe won in the federal district court, which ordered the state to negotiate and conclude a compact within 60 days. The state then appealed to the United States Court of Appeals, which upheld the opinion of the lower court -- but not until September 4, 1990, nearly one and a half years after the tribe's initial request to negotiate. The state then appealed to the United States Supreme Court. It was only after that Court refused in 1991 to review the case further that actual negotiations began. Although the state's position that it had no legal obligation to negotiate to permit gaming different from

[290]Connecticut law permitted certain nonprofit organizations to run "Las Vegas nights" featuring blackjack, poker, dice, money-wheels, roulette, baccarat, etc. Conn.Gen.Stat.s.7-186a-186p

that in its Las Vegas night statute had been rejected by every court, the state had still managed to use the legal process to delay the tribe for two years.

Other states began negotiations, but some reached deadlocks on what types of games were permitted under the Act, resulting in further lawsuits. In Arizona, for example, the two sides snagged on the question of whether video gaming was included, and the Yavapai-Prescott Tribe went to court to get an order requiring the state to continue negotiating.[291] In California, the tribes and the state reached a deadlock on whether electronic games were included, and agreed to go to court to resolve the question. A judge ruled in July 1993 that they were, because the California Lottery included an electronic keno game, and the state is now appealing that decision to a higher court.

Although the provisions of the IGRA giving the tribes the right to sue states in federal court were intended to speed negotiations, in fact the delays and technicalities inherent in the legal process have often caused great delay, benefitting lawyers rather than facilitating the development of tribal gaming. Eager to slow the process of Indian gaming down, many state Attorney Generals remained alert for legal principles which they could raise to delay the compact process.

---

[291]Yavapai-Prescott Indian Tribe v. State of Arizona, 796 F. Supp. 1292 (D. Ariz. 1992)

The Eleventh Amendment Argument

One potentially powerful legal tool to do this was the Eleventh Amendment to the Constitution, originally ratified in 1798, which protected the states from certain kinds of lawsuits in federal court.[292] In 1991, just as the compact process under the IGRA was intensifying in many states, the U. S. Supreme Court issued an opinion whose implications suggested that the states might rely on the Eleventh Amendment to prevent tribes from suing them under the IGRA.

The case, called Blatchford v. Native Village of Noatak and Circle Village,[293] involved government funding of native tribes in Alaska and represented the first time the Supreme Court had used the Eleventh Amendment to stop a lawsuit against a state by a Native American tribe. Although the circumstances in Blatchford were entirely different from those under the IGRA and had nothing to do with Indian gaming, eight states that had been asked by tribes to enter into compact negotiations soon claimed

---

[292]The basic idea behind the Eleventh Amendment is the ancient notion of "sovereign immunity," originally developed as part of English common law to protect the Crown from being sued by its citizens. Translated to this country, it protected governments, not monarchs. The language of the amendment, while old-fashioned, is fairly straightforward ("The judicial power of the United States shall not be construed to extend to any suit...commenced...against one of the United States by citizens of another state, or by citizens or subjects of any foreign state"). But the Supreme Court has interpreted this amendment in ways which go far beyond its language. Contemporary Eleventh Amendment law is extremely arcane, riddled with illogical principles and exceptions which even lawyers hardly understand, and is the bane of judges and legal scholars alike.

[293]111 S.Ct. 2578 (1991)

that the same principle applied to Indian gaming, so that they couldn't be sued for failing to negotiate. States also relied on the Tenth Amendment as a defense to suits by the tribes under the IGRA, arguing that the federal government had no power to force them to negotiate with the Indians. Donald Trump also relied on the Tenth Amendment in his lawsuit challenging the validity of the IGRA, which he filed in May, 1993.[294]

As of this writing, the courts are split on these issues, and lower court decisions are being appealed to several of the United States Courts of Appeals.[295] Whichever way the appellate courts rule, the losing party is sure to appeal to the United States Supreme Court, so it will be quite some time before these legal issues are finally resolved. Meanwhile, even if the courts were to find that the Eleventh Amendment did bar the tribes from suing the states under the IGRA, there is a legal end-run around this problem. Under a legal doctrine developed by the Supreme Court in 1908,[296] in most cases one can avoid the problem of

---

[294]The leading recent case on the limits imposed by the Tenth Amendment is New York v. United States, 112 S. Ct. 2408 (1992).

[295]See, e.g., Poarch Band of Creek Indians v. State of Alabama, 776 F. Supp. 550 (S.D. Ala. 1991), appeal pending (11th Cir.); Pueblo of Sandia v. State of New Mexico, No. 92-0613-JC (D. New Mex. 1992), appeal pending (10th Cir.); Sault Ste. Marie Tribe of Chippewa Indians v. State, 800 F. Supp. 1484 (W.D. Mich. 1992), appeal pending (6th Cir.); Seminole Tribe of Florida v. State of Florida, 801 F. Supp. 655 (S.D. Fla 1992), appeal pending (11th Cir.); Spokane Tribe v. State of Washington, 790 F. Supp. 1057 (E.D. Wash 1991), appeal pending (9th Cir.); Yavapai-Prescott Indian Tribe v. State of Arizona, 796 F. Supp. 1292 (D. Ariz. 1992), appeal pending (9th Cir.).

[296]Ex parte Young, 209 U.S. 123 (1908)

Eleventh Amendment sovereign immunity by the simple technicality of suing state <u>officials</u> rather than suing the state itself.

While these Tenth and Eleventh Amendment issues are being fought out in the courts, a new legal issue has arisen in states like Rhode Island, Maine and Massachusetts where the Narragansett, Passamaquoddy, Penobscot and Wampanoag Indians received land claims settlements from the states under special legislation which required the tribes to abide by <u>all</u> state laws, civil and criminal. Despite this, a federal court in Rhode Island has held that the IGRA supersedes the terms of these land settlements, permitting the tribes to seek a compact for commercial gaming. This decision, too, is being appealed to a higher court.[297]

These legal maneuvers have significantly slowed the compacting process down, shifting the focus of attention to the political arena. Bills to amend the IGRA have been introduced in Congress, but so far have failed to gain passage. In the hopes of reaching a satisfactory compromise, representatives of the states and tribal leaders have been meeting, separately and together, with Senator Daniel K. Inouye (D - Alaska), one of the original sponsors of the IGRA, to try to agree on an understanding of the law and on clarifying amendments, if any are

[297]<u>State of Rhode Island v. Narragansett Tribe of Indians</u>, appeal pending (1st Cir.).

needed. Bruce Babbitt, the new Interior Secretary under the Clinton Administration, has also been very active in attempting to broker an agreement among the parties that everyone can live with.

One of the tribes' continuing goals throughout this process is to gain the recognition of their sovereign status to which they believe they are entitled. As Timothy Wapato, a member of the Colville Confederated Tribes of Nespelem, Washington and the executive director of the National Indian Gaming Association explains it,

> The sovereignty issue won't go away. What needs to occur is an educational process, so the governors will deal with their local tribes on a government-to-government basis, not as a government-to-special-interest basis. Many of the state and local politicians want to treat tribes as if they were Donald Trump's Taj Mahal or Caesars World -- as a commercial special-interest group as opposed to a government...I think the states that have been successful in resolving their issues on gaming have come to a recognition...that a true negotiation has to occur between the two governmental sovereigns.[298]

[298]"Tribes 'will not stand' for further gaming restrictions," International Gaming & Wagering Business, Jan. 5, 1994: 17.

List of Interviews

Abernethy, Pamela: Assistant Attorney General, Oregon.

Allmon, Carolyn I.: Director of Pari-Mutuels and Finance, Minnesota Racing Commission.

Atiyah, Vic: Former Governor of Oregon.

Barnett, Kerry: Legal Counsel to the Governor, Oregon.

Berg, Charles: Minnesota State Senator.

Boulware, Jonathan: Executive, Mirage Casino, Las Vegas

Bilodeau, Tom: Research Director, Montana Education Association.

Buffalo Jr., Henry: Interim Executive Director of the National Indian Gaming Association, Minneapolis, MN.

Burgess, Brian: Assistant Attorney General, Vermont.

Burton, Mike: Oregon State Representative.

Brunson, Corey Thornburg: Researcher, Citizen's Research Education Network, Hartford, CT.

Clancy Jr., Edward J.: Massachusetts State Representative.

Coyle, Diedre: Public Relations Director, Massachusetts State Lottery.

Creighton, Lorenzo: Former Deputy Director, Iowa Racing and Gaming Commission. Former Executive Director, Mississippi Gaming Commission.

Cummings, Thomas: Executive Director, Massachusetts Council on Compulsive Gambling.

Cortright, Joseph: Executive Officer, Legislative Committee on Trade and Economic Development, Oregon Legislature.

Czeluniak, Cara: Reporter, House Committee on Post Audit and Oversight, Massachusetts Legislature.

Davey, Jim: Director, Oregon State Lottery.

Fawbush, Wayne: State Representative, Oregon.

Fenny, Don: Research Director, Minnesota State Lottery.

Franklin, Robert: Reporter, Minneapolis Star-Tribune.

Frohnmayer, Dave: former Attorney General, Oregon.

Geraghty, Rick: President, Oregon Amusement and Music Operator's Association.

Goldstein, Bernard: Owner, Steamboat Development Corporation, (a subsidiary of Alter & Co. in Bettendorf, Iowa).

Grinols, Earl L: Professor of Economics, University of Illinois in Champaign-Urbana.

Hamby, Jennette: State Senator, Oregon.

Harchenko, Elizabeth: Special Counsel to the Attorney General, Oregon.

Hennessey, Bill: Media and Marketing Specialist, Connecticut Division of Special Revenue, [Connecticut State Lottery].

Hope, Anthony: National Indian Gaming Commission, Washington, DC.

Jaeger, Gregory: City Attorney, Bettendorf, Iowa.

Johnson, Thane: Senior Research Analyst, Legislative Service Bureau, Iowa.

Krueger, Richard: Executive Director, Minnesota Racing Commission.

Larson, Marc C.: Strategic Planning Specialist, Minnesota State Planning Agency, St. Paul, MN.

Lesieur, Henry: Editor, Journal of Gambling Studies; Chair, Department of Criminal Justice Sciences, Illinois State University at Normal.

Lura, Mira: Administrator, Iowa Racing and Gaming Commission.

Madden, Michael: Researcher, University of South Dakota at Vermillion.

Magnuson, Mary: Assistant Attorney General, Minnesota.

McNab, Heather, M.: Commission Administrator, Duluth/Fond du Lac Economic Development Commission, Duluth, MN.

Mitchell, John W.: Senior Vice President and Economist, U.S. Bancorp, Portland, OR.

Parker, Andrew J.: Senior Fiscal Analyst, Senate Post Audit and Oversight Bureau, Massachusetts Legislature.

Petroski, Bill: Reporter, Des Moines Register, [Iowa].

Prescott, Leonard: Chairman, National Indian Gaming Association, and Chief of the Shakopee Mdewakanton Sioux Community, Shakopee, Minnesota.

Rae, Marla: Executive Assistant to the Attorney General, Oregon.

Reckers, Steven C.: Strategic Planning Specialist, Minnesota State Planning Agency, St. Paul, MN.

Rosenberg, Stanley: Massachusetts State Representative.

Shaffer, Howard: Director, Center for Addiction Studies, Department of Psychiatry, Harvard School of Medicine and the Cambridge Hospital.

Statham, Ronald: Investigator, Mississippi Gaming Commission, Jackson, MS.

Stratham, Jim: Economist, School of Urban and Public Affairs, Portland State University, Portland, OR.

Straub, Robert: former Governor of Oregon.

Twait, Doug: Commissioner of Corporate Affairs and Chief Legal Counsel for Business and Economic Development, Mille Lacs Band of Ojibwe Indians, Onamia, Minnesota.

Volberg, Rachel: Gemini Research, Northampton, MA.

Walth, Brent: Reporter, Eugene Register Guard, Eugene, OR.

White, Susan: Director, Connecticut State Lottery.

Wilson, King: Executive Director, Allied Charities of Minnesota.

Zeimak, Gregory: former Director, Connecticut State Lottery, current Director, Kansas State Lottery.

Bibliography

Aasved, Mikal J. and J. Clark Laundergan, You Betcha! Gambling and its Impacts in a Northern Minnesota Community, Center for Addiction Studies, University of Minnesota: Duluth, MN. (July 1991).

Abt, Vicki and Douglas J. McDowell, "Does the Press Cover Gambling Issues Poorly? Evidence From a Newspaper Content Analysis," Sociology and Social Research: Vol. 71, No. 3, (April 1987).

Abt, Vicki, and Martin C. McGurrin, "Commercial Gambling and Values in American Society: The Social Construction of Risk," Journal of Gambling Studies, Vol. 8, No. 4, Winter, 1992.

Abt, Vicki, James F. Smith, and Eugene Martin Christiansen, The Business of Risk, Commercial Gambling in Mainstream America, University Press of Kansas: Lawrence, KS (1985).

Acuri, A. F., D. Lester, and F.O. Smith, "Shaping adolescent gambling behavior," Adolescence, XX, (1985).

Against the Tide of American History, The Story of the Mille Lacs Anishinabe, Minnesota Chippewa Tribe: Cass Lake, MN (1985).

Albanese, Jay S., "The Effect of Casino Gambling on Crime," Federal Probation, Vol. 49, No. 2, (June 1985), pp. 39-44.

Allmendinger, Scott, {Editorial}, "Can't Compete with Free". Restaurant Business, November 20, 1992, p. 8.

Allmon, Carolyn I., and Mary Pope, The Economic Impact of the Horse Racing and Breeding Industry, Minnesota Racing Commission, Bloomington, MN., (April 1991).

Allmon, Carolyn I. and Mary Pope, "The Economic Impact of the Horse Racing and Breeding Industry on the State of Minnesota," Minnesota Racing Commission, (April 1991).

Anderson, Arthur & Co., Impact of the Proposed Chicago International Entertainment Center on Chicago Metropolitan Area Tourism, Employment and Tax Revenue, Prepared for a joint venture of Caesar's World, Inc., Circus Enterprises, Inc., and Hilton Hotels, Inc., (May 21, 1992).

Anderson, George A., "Casinos and Lotteries: Can They Co-Exist?" Panel discussion at the World Gaming Congress and Expo, September 22-24, 1993, Las Vegas, NV.

Angle, Martha, "Congress Clears Legislation to Regulate Indian Gambling," Congressional Quarterly Weekly Report, (October 1, 1988).

Armstrong, Scott, "Legalized Gambling on US-Flagged Ships Pushed in Congress," The Christian Science Monitor, November 25, 1991.

Attinger and Pomper. "Mohawks, Money and Death," Time, (May 14, 1990), p.32.

Bailey, Doug, "Place Your Bets: For ad agencies, lottery account is the best game in town," Boston Globe, May 19, 1992.

Barnhart, Russell T., "Gambling in Revolutionary Paris: The Palais-Royale," in Eadington, William R. and Judy A. Cornelius (Eds.), Gambling and Public Policy: International Perspectives, Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno, NV, (1991).

Barr, Stephen, "Video Gambling: Help for State Budget or Just Another Game?" The New York Times, February 17, 1991, Section 12.

Barthelemy, Sidney J., A Review of Studies on Casino Gambling in New Orleans, New Orleans, LA, May 8, 1989. (Report by the Mayor).

Barthelemy, Sydney J., Limited Casino Gaming for New Orleans Rivergate Casino, New Orleans' Mayor's Office, Undated Proposal.

Baum, Laurie and Ron Grover, "The Casino Game: Just for the Highest Rollers," Business Week, (March 23, 1987), p.36.

Bell, Daniel, The End of Ideology, On the Exhaustion of Political Ideas in the Fifties, Collier Books: New York, NY (1961).

Belletire, Mike, "View from the State House", Talk given at the World Gaming Congress and Expo, Las Vegas, Nevada, September 24, 1992.

Benton, Sherrole, "Jourdain Gambles on Lawsuit," The Circle, (January 1989).

Berton, Lee, "After This, the Actuaries' Slogan May Become, 'We Bet Your Life,'" The Wall Street Journal, March 18, 1992.

Better Government Association, Staff White Paper: Casino Gambling in Chicago, Chicago, IL, (October, 1992).

Biddle, Frederic M., "7 Ad Agencies Compete for Lottery Account," Boston Globe, May 12, 1992.

Blakey, G. Robert, "Legal Regulation of Gambling Since 1950," The Annals of the American Academy of Political and Social Science, Vol. 474, (July 1984), pp. 12 - 22.

Blanton, Kimberly, "Banking chief disputes claims for gambling," Boston Globe, October 9, 1993, p. 1.

Bloomberg, Jeffry L., "The Prosecutor's Response to Legalized Gambling," Draft of article submitted to the National District Attorney's Association, from the Author who is Lawrence County States Attorney in Deadwood, SD. (August, 1991).

Borg, Mary O., Paul M. Mason and Stephen L. Shapiro, "The Incidence of Taxes on Casino Gambling: Exploiting the Tired and Poor," American Journal of Economics and Sociology, Vol. 50, No. 3, (July 1991).

Branch, Taylor. "What's Wrong with the Lottery?," New England Monthly, January, 1990.

Brenner, Reuven and Gabrielle A. Brenner, Gambling and Speculation: A Theory, a History, and a Future of Some Human Decisions, Cambridge University Press: Cambridge, MA (1990).

"Bridgeport Jai-alai fronton is going to the (grey)hounds," Gaming & Wagering Business, (September 15 - October 14, 1991), p.3.

Brinner, Roger E., and Clotfelter, Charles T., "An Economic Appraisal of State Lotteries," National Tax Journal, Vol. 28, No. 4, (December 1975).

Buck, Andrew J. "A Model of Crime, Casinos and Property Values in New Jersey," Urban Studies, Vol. 28, No. 5, (1991), pp.673-686.

Buck, Andrew J. and Simon Hakim, "Does crime affect property values?" The Canadian Appraiser, (Winter 1989), pp.23-27.

Buck, Andrew J., Simon Hakim, and Uriel Spiegel, "Casinos, Crime, and Real Estate Values: Do They Relate?" Journal of Research in Crime and Delinquency, Vol. 28, No. 3, (1991), pp. 288-303.

Calonius, Erik, "The Big Payoff from Lotteries," Fortune, (March 25, 1991).

Campbell, Felicia, "Chapter 13, Gambling: A Positive View," Gambling and Society, Interdisciplinary Studies on the Subject of Gambling, William R. Eadington, (editor), Charles C. Thomas Publishers: Springfield, IL (1976).

Carroll, David, Playboy's Illustrated Treasury of Gambling, Crown Publishers: New York, NY (1977).

Casino Association of New Jersey, New Jersey Casino Industry Economic Impact Data, (December 1991)

"Casino backers spent $2 million in Hartford," New York Times, July 7, 1993, p. 24.

Chafetz, Henry, Play the Devil: A History of Gambling in the United States from 1492 to 1955, Clarkson N. Potter: New York, NY (1960).

Chavira, R., "The rise of teenage gambling: A distressing number of youths are bitten by the betting bug," Time, Feb. 25, 1991, p. 78.

Christian Science Monitor, April 25, 1990.

Christiansen/Cummings Associates, Inc. Legal Gambling in Connecticut: Assessment of Current Status & Options for the Future, New York, NY, (1992).

Christiansen, Eugene, "1990 Gross Wager," Gaming & Wagering Business, [2-part series], (August 15 - September 14, 1991).

Christiansen, Eugene, "1990 Gross Wager", Gaming and Wagering Business, [2-part series], (July 15 - August 14, 1991).

Christiansen, Eugene, "1992 Gross Annual Wager", Gaming and Wagering Business, [2-part series], (July 15 - August 14, 1993).

Christiansen, Eugene, "1992 Gross Annual Wager", Gaming and Wagering Business, [2-part series], (August 15 - September 14, 1993).

Christiansen, Eugene Martin, "The Gross Annual Wager of the United States - Part 1: Handle," Gaming & Wagering Business, (July 15 - August 14, 1992), p. 32.

Christiansen, Eugene Martin, "The New Jersey Experience and the Financial Condition of Atlantic City", The Newsletter of the Institute for the Study of Gambling and Commercial Gaming, (April, 1991).

City of Chicago Gaming Commission, Report to the Mayor, Chicago, IL, (June 10, 1992).

Clines, Francis X., "As States Rush to Gamble, Experts See Risks," New York Times, April 26, 1993, p. A12.

Clines, Francis X., "With Casino Profits, Indian Tribes Thrive," New York Times, January 31, 1993, p. A1.

Clotfelter, Charles T. and Philip J. Cook, Selling Hope, State Lotteries in America, Harvard University Press: Cambridge, MA (1989).

Clotfelter, Charles T. and Philip J. Cook, "On the Economies of State Lotteries," Journal of Economic Perspectives, Vol. 4, No. 4, (Fall 1990), p. 109.

Cohen, Roger, "Trying to Give Las Vegas a G Rating," The New York Times, October 2, 1991.

Cohodas, Nadine, "Measure on Gambling Advertising Fails: House Passes Bills on Firearms, Copyrights and Contract Fraud," Congressional Quarterly Weekly Report, (May 14, 1988).

Cole, Barbara A. and Philip B. Herr, Managing Change: Coping With the Uncertainties of Unpredictable Growth, National Trust for Historic Preservation: Denver, CO (April, 1993).

Competing Economies: America, Europe, and the Pacific Rim (Summary), Congress of the United States, Office of Technology Assessment: Washington, D.C., (October 1991).

Connecticut General Assembly, Casino Gambling Task Force Invitational Forum, (Transcript), Finance, Revenue, and Bonding Committee, (October 13, 1992).

Connor, Matt, "Federal court: California must negotiate with tribes on electronic games," International Gaming & Wagering Business, (September 15 - October 14, 1993), p. 3.

Connor, Matt, "Finally an Indian gaming compromise is reached in Arizona," International Gaming & Wagering Business, (July 15 - August 14, 1993), p. 48.

Connor, Matt, "Indian Gaming: Prosperity, Controversy," International Gaming & Wagering Business, (March 15, 1993 - April 14, 1993), p. 8.

Connor, Matt, "Nevada, N.J. Legislators sponsor Indian gaming bills," International Gaming & Wagering Business, (July 15 - August 14, 1993), p. 1.

Connor, Matt, "Oneida Indian tribe opens New York's first legal casino," International Gaming & Wagering Business, (September 15 - October 14, 1993), p. 5.

Connor, Matt, "Trump sues the US over Indian Gaming issue," International Gaming & Wagering Business, (June 15 - July 14, 1993), p. 1.

Cook, James, "Lottomania," Forbes, (March 6, 1989), p. 94.

Cooke, Robert Allan and Sandeep Mangalmurti, State Lotteries: Seducing the Less Fortunate?, The Heartland Institute: Chicago, IL. (1991).

Cooney, John E., The Annenbergs, Simon & Schuster: New York, NY (1982).

Cornelius, Judy and William R. Eadington. (editors) Gambling and Public Policy: International Perspectives, University of Nevada Press: Reno, NV (1991).

Custer, Robert L. and Harry Milt. When the Luck Runs Out, Facts on File Publications: New York, NY (1985).

Dao, James, "Casino Issue Divides Mohawk Reservation in New York," New York Times, March 21, 1993, p. 33.

Dao, James, "Cuomo Signs Pact With Indians For Casino in Upstate New York," New York Times, April 17, 1993, p. 1.

Dawson, Gary, "Vegas Comes To Minnesota," St. Paul Pioneer Press, May 10, 1992.

DeFilippo, Frank, "The Bingo Bunglers," Regardie's, (October 11, 1991).

DeForge, Jeanett, "UMass expert wary of gambling boat", Springfield Union News, November 5, 1993, p. 1.

Deland, Paul S., "The Facilitation of Gambling," Annals of the American Academy of Political and Social Science, Vol. 269, (May 1950).

Deloitte & Touche, Report Regarding Certain Economic and Other Impacts of a Land-Based Entertainment, Casino and Hotel Facility, Prepared for the City of Chicago Gaming Commission, Chicago, IL (May 19, 1992).

Dennison, Mike, "Lottery nets big bucks for big sky," Great Falls [Montana] Tribune, July 11, 1993.

Deveny, Kathleen and Christopher S. Eklund, "Bally is on a Winning Streak...But Atlantic City Can't Keep Upping the Ante," Business Week, (December 2, 1985).

Dillin, John, "As Revenues Slow, Lotteries Expand," The Christian Science Monitor, August 16, 1991.

Dolan, Carrie, "International Game Holds Winning Hand," The Wall Street Journal, November 29, 1991.

Dombrink, John and William N. Thompson, The Last Resort, Success and Failure in Campaigns for Casinos, University of Nevada Press: Las Vegas, NV (1990).

Doocey, Paul, "Slow Trot to the Finish in Texas," Gaming and Wagering Business, (July 15 - August 14, 1993), p. 43.

Downes, D. M., B. P. Davies, M. E. David and P. Stone, Gambling, Work & Leisure: A Study Across Three Areas, Routledge & Kegan Paul: Boston, MA (1976).

Downs, Dan, "Interactive Television Betting," Talk given at the World Gaming Congress Expo, Las Vegas, NV, September 22-24.

Doyle, Pat, "Indian Dissidents Sue Over Bingo Hall Receipts," [Twin Cities] Star Tribune, September 2, 1987, p. 6B.

Duston, Diane, "Witness Warns that Mob Moving on to Reservations," Associated Press, [wire story], (February 8 1989).

Eadington, William R., "The Casino Gaming Industry: A Study of Political Economy," The Annals of the American Academy of Political and Social Sciences, Vol. 474, (July 1984), p.23 - 35.

Eadington, William R., ed., Gambling and Society, Interdisciplinary Studies on the Subject of Gambling, Charles C. Thomas Publishers: Springfield, IL (1976).

Eadington, William R., Emerging Public Policy Challenges from the Proliferation of Gambling in America, Address at Second Annual Australian Conference on Casinos and Gaming, Sydney, N. S. W., (October 27, 1992).

Eadington, William R., The Gambling Studies: Proceedings of the Sixth National Conference on Gambling and Risk Taking, Institute for the Study of Gambling and Commercial Gaming: University of Nevada, Reno, NV. (1985).

Eadington, William R., and Judy A. Cornelius, Gambling and Public Policy: International Perspectives, Institute for the Study of Gambling and Commercial Gaming: University of Nevada, Reno, NV. (1991).

Economic Benefits of Tribal Gaming in Minnesota, Minnesota Indian Gaming Association, (March, 1992).

"Edwards to Run for Louisiana Governor Again," The New York Times, May 10, 1989.

Eichenwald, Kurt, "In Mississippi, riverboat gambling rides rougher waters," New York Times, July 25, 1993, p. F9.

Ezell, John Samuel, Fortune's Merry Wheel: The Lottery in America, Harvard University Press: Cambridge, MA (1960).

Federal Government's Relationship with American Indians, Parts 1, 2, 3, and 4, Hearings Before the Special Committee on Investigations of the Select Committee on Indian Affairs, United States Senate, One Hundred First Congress, 1st Session: Washington, DC (January 30 - May 9, 1989)

Findlay, John M., People of Chance, Gambling in American Society from Jamestown to Las Vegas, Oxford University Press: New York, NY (1986).

"Firm Managing Indian Casino Lacks US-Approved Contract," [Twin Cities] Star Tribune, March 5, 1992, p. 4B.

Fisher, Anne B., "Money Laundering, More Shocks Ahead," Fortune, (April 1, 1985), pp. 35-39.

"France's Bookmaking Subsidies," Wall Street Journal, June 13, 1991, p. A12.

Fisher, Sue, "Governmental Response to Juvenile Fruit Machine Gambling in the UK: Where Do We Go from Here?" Journal of Gambling Studies, Vol. 7, No. 3, Fall, 1991.

Fisher, Sue, "Measuring Pathological Gambling in Children: The Case of Fruit Machines in the UK," Journal of Gambling Studies, Vol. 8, No. 3, Fall, 1992.

"Florio Asks Lottery Group to Veto Keno," New York Times, January 31, 1993, p. B1.

Fox, Candace E., Fiscal Impact Analysis - Casino Gambling and the Public Sector, Institute for the Study of Gambling, University of Nevada, Reno, NV, Presented at the Eighth International Conference on Risk and Gambling, London, England, (August, 1990).

Franklin, Robert, "Charitable Gambling Shows Its First Decline," [Twin Cities] Star Tribune, March 11, 1992, p. 1B.

Franklin, Robert, "Gambling rises, but charity doesn't," [Twin Cities] Star Tribune, November 12, 1993.

Franklin, Robert, "Red Lake Indians Sue Over Federal Gambling Law," [Twin Cities] Star Tribune, Jan. 28, 1989.

Franklin, Robert and Joe Rigert, "House Gaming Panel Chairman Raised Gambling Money for Trip," [Twin Cities] Star Tribune, November 11, 1989.

Friedman, Joseph et al. "Casino Gambling as a 'Growth Pole' Strategy and its Effect on Crime," Journal of Regional Science, Vol. 29, No. 4, (1989).

Fritze, David, Minnesota tribes roll dice, win with gambling," The Arizona Republic, (May 24, 1992), p. 1.

Gaiashkibos, Statement before the House Interior and Insular Affairs Committee on Gaming on Reservations, National Congress of American Indians, Washington, DC, (January 9, 1991).

"Gambling in Minnesota: An Issue for Policy Makers," Report on conference held at the Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, (December 1990).

"Gambling in Oregon and Other States Made Legal," MacNeil/Lehrer Newshour, (July 21, 1992).

"Gambling Partnership Called Illegal," [Twin Cities] Star Tribune, November 3, 1990.

George, Vernon, "Gambling and Community Development," Panel at 1993 American Planning Association Conference, Chicago, IL, May 1-5, 1993.

Gilder, George, Wealth and Poverty, Basic Books, Inc. Publishers: New York, NY (1981).

"Go To Jail," The Economist, Vol. 312, No. 7616, (August 19, 1989).

Glick, Joe and Dana Herring, A Jewel in the Crown, Glick Associates, Chicago, IL, (April, 1992).

Governor's Advisory Commission of Gambling, Report and Recommendations of the Governor's Advisory Commission of Gambling, Trenton, NJ, (June 30, 1988).

"Governor committed to growth in Atlantic City," Gaming & Wagering Business, (May 15 - June 14, 1992), pp. 10.

Grant, James, "'Don't Be a Gambler' That's Bad Advice These Days, Even for Widows and Orphans," Barron's, July 10, 1978.

Greenhouse, Steven, "Competitiveness Panel Urges Action," The New York Times, March 5, 1992.

Greising, David, "Turning the Tables at Bally," Business Week, (June 29, 1992), p. 92.

Griffiths, Mark, "Factors in Problem Adolescent Fruit Machine Gambling: Results of a Small Postal Survey," Journal of Gambling Studies, Vol. 9, No. 1, Spring, 1993.

Gros, Roger, "Indian Impact: How will Indian Gaming Affect the

Industry? Part II" New Jersey Casino Journal, (August 1991), p. 16.

Gros, Roger, Mike Epifano, and Gary Schnorbus, "Turning the Tables", Casino Player, (January, 1994), p. 14.

Grover, Ronald, "Show Him a Bargain, He'll Buy. Make Him an Offer, He'll Sell," Business Week, (May 6, 1991), p. 74.

Haga, Chuck, "Indians Share Chunk of Jackpot," [Twin Cities] Star Tribune, September 24, 1990, p. 1A.

Hakim, Simon and Andrew J. Buck, "Do Casinos Enhance Crime?" Journal of Criminal Justice, Vol. 17, No. 5.

Haller, Mark H., "Policy Gambling, Entertainment, and the Emergency of Black Politics: Chicago From 1900 to 1940," Journal of Social History, Vol. 24, (Summer 1991).

Hamer, Thomas P., "Regional Economic Impact of the Atlantic City Casino Industry." Paper presented at the Sixth National Conference on Gambling and Risk Taking, Atlantic City, (December 9 - 12, 1984).

Hansen, Karen and Meagan Seacord, "A 20th Century Goldrush," State Legislatures, March 1991.

Harshbarger, Scott L., "Gambling Effort Needs Rethinking," Massachusetts Lawyers Weekly, May 5, 1993, p. 10.

Hays, Constance L., "Was the State Lottery Too Much of a Gamble?" New York Times. Oct. 17, 1992

Heneghan, Dan, "Casino industry outraged by NJCCC report," Gaming & Wagering Business, (March 15 - April 15, 1992), p. 14.

Herring, Dana S. and Joe Glick, Notes on the Chicago Tourist and Convention Entertainment Project, Strategic Communications, Chicago, IL, (April 16, 1992).

Hevener, Phil, "Casinos will come to Cuba," Gaming & Wagering Business, (September 15 - October 14, 1991), p. 6.

Hevener, Phil, "Electronic games light up Atlantic City," Gaming & Wagering Business, (July 15 - August 14, 1992).

Hevener, Phil, "Has Deadwood Overdeveloped?," Gaming & Wagering Business, (March 15 - April 14, 1992), p. 1.

Hevener, Phil, "Illinois governor against land-based casinos," Gaming & Wagering Business, (May 15 - June 14, 1992), p. 8.

Hevener, Phil, "Indians go for 'American' dream," Gaming & Wagering Business, (July 15 - August 14, 1991), p. 6.

Hevener, Phil, "Nevada execs not fazed by Indians," Gaming & Wagering Business, (August 15 - September 14, 1991), p. 6.

Hevesi, Dennis. Connecticut Agency Dismisses State Lottery Chief," New York Times, May 28, 1989 , p. 36.

HHCC Marketing Research and Planning, Quantitative Research Findings: The Massachusetts State Lottery Games Wave IV, Prepared for the Massachusetts State Lottery, (January, 1990).

Holmes, William L., "Video Games, Concepts and Latent Influences (Part I)," FBI Law Enforcement Bulletin, (March 1985).

Horse Racing in Minnesota: The Impact of 1988 Changes on the State's Economy, Tax Research Division of the Minnesota Department of Revenue for the Horse Racing Commission, (June 1989).

Huizinga, Johan, Homo Ludens: A Study of the Play-Element in Culture, The Beacon Press: Boston, MA (1964).

Humphrey III, Hubert H., Attorney General's Report on Charitable Gambling in Minnesota - Final Report, Office of the Attorney General, St. Paul, MN. (January 11, 1990).

Illinois State Police, Division of Criminal Investigation, Intelligence Bureau, How Gambling Affects Law Enforcement, Springfield, IL, (April 16, 1992), p. 14.

Indian Tribe's Lawsuit Feeezes Property Owners' Land Titles," New York Times, March 19, 1993, p. B5.

"Indian Gaming: Asking the appropriate questions...Finally," (editorial) Nevada Casino Journal, (May 1991) p. 4.

"Indians sue over Jackpot Junction profits," [Twin Cities] Star Tribune, April 4, 1992, p. 5B.

Indrisano, Ron, "A new lease on life for racing," Boston Globe, April 7, 1991.

Indrisano, Ron, "LeRoux is still a stumbling block," Boston Globe, April 28, 1991, p. 89.

Indrisano, Ron, "Weld files legislation favorable to Suffolk," Boston Globe, April 27, 1991.

"Industrial Policy," Business Week, April 6, 1992.

Iowa Lottery: 1991 Annual Report, Des Moines, Iowa.

Iowa Lottery: 1992 Annual Report, Des Moines, Iowa.

"Issue of Indian Sovereignty Behind Gambling Case, New York Times, June 11, 1993, p. A26.

Jacobs, Durand F. and Jerry L. Pettis, "Problem Gamblers and White Collar Crime," Presented at the Seventh International Conference on Gambling and Risk Taking, Institute for the Study of Gambling, University of Nevada, Reno, NV. (August 23 - 26, 1987).

James, Raymond and Associates {Stock Brokers}, The Dramatic Growth of Legalized Gambling in North America, Research Report, St. Petersburg, FL, (September 3, 1991).

Jasen, Georgette, "Some executives at International Game cash in on the firm's soaring shares," The Wall Street Journal, March 18, 1992.

Johnson, David B. et al., "Incremental Economic Impact of a Single Casino in New Orleans," Prepared for the Rivergate Casino Discussion Group convened by New Orleans Mayor, Sidney J. Barthelemy. (May 25, 1992).

Johnson, Kirk, "In Connecticut race for Governor, the focus is economic," New York Times, October 25, 1990, p. B1.

Johnson, Kirk, "Indians' casino money pumps up the volume," New York Times, September 1, 1993, p. B1.

Johnson, Steven L., "Kin and Casinos: Changing Family Networks in Atlantic City," Current Anthropology, Vol. 26, No. 3, June 1985, pp. 397-399.

Johnston, David, "On casinos, Rendell plays hard to get," Philadelphia Inquirer, August 15, 1993.

Johnston, David, "The price of gambling goes up at the casinos," Philadelphia Inquirer August 21, 1993, p. D1.

Johnston, David, Temples of Chance: How America Inc. Bought Out Murder, Inc. to Win Control of the Casino Business, Doubleday: New York, NY (1992).

Joyce, Kathleen M., "Public Opinion and the Politics of Gambling," Journal of Social Issues, Vol. 35, (Summer 1979).

Jourdain, J. Brian, "Quote of the Month," Gaming & Wagering Business, (July 15 - August 14, 1992), p. 4.

Judson, George, "Land claim by indians is a tactic in casino bid," New York Times, June 21, 1993, p. B1.

Kallick, Maureen et al., "A Survey of American Gambling Attitudes and Behavior," Institute for Social Research, University of Michigan: Ann Arbor, MI (1979).

Kaplan, H. Roy, "The Social and Exonomic Impact of State Lotteries," Annals of the American Academy of Political and Social Science, (July 1984). pp. 91 - 105.

Katz, Jeffrey L., "Waking Up the Lottery," Governing, Vol. 4, No. 12, (September 1991).

Katzeff, Paul and Greg O'Brien, "Boston claims dog track prompts Bruins' move," Boston Herald American, January 27, 1981.

King, Rufus, Gambling and Organized Crime, Public Affairs Press: Washington, D.C. (1969).

King, Wayne, "Trump, in a Federal lawsuit, seeks to block Indian casinos," New York Times, May 4, 1993, p. B6.

Klein, Howard J., "Tired brains...tired games," Gaming & Wagering Business, (July 15 - August 14, 1992), p. 14.

Kleinfeld, N.R. "Many Dollars, Fewer Dreams in Lotteries," New York Times, May 5, 1991, p. B1.

Koziol, Ron, "Riverboat Gaming Opens in Iowa," Nevada Casino Journal, (May 1991), p. 7.

Krugman, Paul, The Age of Diminished Expectations, U.S. Economic Policy in the 1990s, MIT Press: Cambridge, MA (1990).

Kupferberg, Seth, "The State as Bookie," Washington Monthly, July - August, 1979.

LaFleur, Teri, "U. S. Lottery Sales Rebound with 6% gain, Canadian lottery sales rise 8%," Gaming and Wagering Business, (June 15 - July 14, 1993), p. 12.

LaFleur, Terri, "Living-room lotto, anyone?" Gaming & Wagering Business, (November 15 - December 14, 1991), p. 44.

LaFleur, Terri, "Lottery, phone home," Gaming & Wagering Business, (May 15 -June 14, 1992), p. 10.

LaFleur, Terri, "Massachusetts considers new gambling," Gaming & Wagering Business, (May 15 - June 14, 1992), p. 55.

LaFleur, Terri, "Oregon launches video lottery," Gaming & Wagering Business, (March 15 - April 14, 1992), p. 62.

LaFranchi, Howard. "Strapped states head for the track." Christian Science Monitor, November 11, 1986, p. 3.

Lambert, Ralph, "Ralph Batch, Leader in Creating Lotteries for States, Is Dead at 79," New York Times, April 26, 1992.

"Las Vegas to compete with Disneyland, execs say," Gaming & Wagering Business, (June 15 - July 14, 1992), p. 8.

Lee, Barbara A., and Jaems Chelius, "Government Regulation of Labor-Management Corruption: The Casino Industry Experience in New Jersey," Industrial and Labor Relations Review, Vol. 42, No. 4, (July 1989).

Lehne, Richard, "A Contemporary Review of Legalized Gambling," in Report and Recommendations of the New Jersey Governor's Advisory Commission on Gambling, Trenton, N.J., (June 30, 1988).

Lehne, Richard, Casino Policy, Rutgers University Press: New Brunswick, NJ (1986).

Leonard, Saul, "Middle America embraces casinos," Gaming & Wagering Business, (September 15 - October 14, 1991), p. 20.

Leonard, Saul, "Let's make peace with the Indians again," Gaming & Wagering Business, (December 15, 1991 - January 14, 1992), p. 33.

Lesieur, Henry R., "Compulsive Gambling: Documenting the Social and Economic Costs," {Unpublished manuscript from the author}, (April 23, 1991).

Lesieur, Henry R., "Compulsive Gambling," Society, May/June 1992, p. 44.

Lesieur, Henry R. The Chase: Career of the Compulsive Gambler, Schenkman Books: Cambridge, MA (1984).

Levy, Paul, "Against All Odds," [Twin Cities] Star Tribune, August 17, 1991, p. 1E.

Lieberman, Paul, "How the Mafia targeted tribe's gambling business," Los Angeles Times, October 7, 1991.

Lieberman, Paul, "Indians see battle ahead over future of gambling," Los Angeles Times, October 10, 1991.

Lieberman, Paul, "Lungren wants illegal gambling machines seized," Los Angeles Times, October 10, 1991.

Lightman, David and Hillary Waldman, "Bid in Congress Would Curb Indian Gaming," Hartford Courant, May 27, 1993, p. A1.

Lindner, Robert M., "The Psychodynamics of Gambling," Annals of the American Academy of Political and Social Science, Vol. 269, (May 1950).

Lippman, John, "Gambling-literally-on the media superhighway", Los Angeles Times, December 24, 1993, p. D1.

Lipsyte, Robert, "Horses, Taxes and You," New York Times, May 3, 1991, p. B13.

"Lottery: $2B bet in state," Daily Hampshire Gazette (Northampton, MA), June 22, 1993, p. 9.

"Lottery Leads List of L.A. Radio Advertisers," L.A. Business Journal, June 4, 1990.

Louisiana House of Representatives, The Casino Bill, House Bill No. 2010. (1992).

Low Rolling, Trump Rides on the Red, The Economist, Vol. 312, No. 7616, (August 19, 1989).

Lowenstein, Roger, "Video Lottery Stock Has Been a Winning Bet, But the Odds Aren't All in the House's Favor," The Wall Street Journal, October 9, 1991.

Madden, Michael, "Good deal for LeRoux," Boston Globe, April 17, 1991.

Madden, Michael K., Rachel A. Volberg, Randall M. Stuefen, Gaming in South Dakota: A Study of Gambling Participation and Problem Gambling and a Statistical Description and Analysis of Its Socioeconomic Impacts, Business Research Bureau, University of South Dakota, Vermillion, SD, (November, 1991).

Mahon, Gigi, The Company that Bought the Boardwalk, Random House: New York, NY (1980).

Mallach, Alan, "Atlantic City, The Casinos, and the Mount Larel II Decision," Rutgers Law Journal, Vol. 15, No. 3, (Spring 1984), pp. 696 - 766.

Marcotty, Josephine and Neal St. Anthony, "Indians Deal Themselves In," [Twin Cities] Star Tribune, February 17, 1992, p. 1A.

Marcum, Jess, and Henry Rowen, "How Many Games in Town? - The Pros and Cons of Legalized Gambling," The Public Interest, Vol. 36, (Summer 1974).

Marcus, Frances Frank, "Louisiana legislature approves casino gambling," New York Times, June 12, 1992.

Market Opinion Research, Las Vegas Visitor Profile - FY '90 Composite Report, Prepared for the Las Vegas Convention and Visitors Authority, (no date).

Market Strategies, Inc., Oregon Lottery 1991 Baseline Tracking Study, Portland, OR., December 27, 1991.

Marriott, Michael, "Fervid Debate on Gambling: Disease or Moral Weakness?" New York Times, Nov. 21, 1992, p. 1.

Massachusetts Attorney General's Office, "Attorneys General from Five N.E. States and N.Y. Speak Out Against Expanded Gambling".{Press Release}, (November 22, 1993).

Massachusetts House of Representatives, An Act Providing for the Operation of Video Lottery Machines, House Bill No. 2992, (1992).

Massachusetts Senate Post Audit and Oversight Committee, Lottery Revenue Growth: Prospects for the Future, [Boston, MA], (October 31, 1991).

Massachusetts Senate Post Audit and Oversight Committee, The Decision of the Massachusetts State Lottery to Offer Lottery-By-Phone, [Boston, MA] (April 13, 1992).

Massachusetts State Lottery, A Brief History of the Massachusetts State Lottery, (no date).

Massachusetts State Racing Commission, Annual Report, (1989).

Massachusetts State Racing Commission, Annual Report, (1988).

Massachusetts State Racing Commission, Annual Report, (1987).

McGhie, Donald E. "17-year review of Nevada's gaming history," Gaming & Wagering Business, (January 15 - February 14, 1992), p. 15.

McGrory, Brian, "Searching for financial solutions: cities, towns clamor for own lottery riches," Boston Globe, April 25, 1991.

McQueen, Michel, "Md. Racing groups plead for tax relief," Washington Post, February 13, 1985, p. C7.

McQueen, Patricia A., "North America Gaming at a Glance", Gaming and Wagering Business, (September 15 - October 14, 1993).

Meier, Barry, "Casinos Putting Tribes at Odds" New York Times, January 13, 1994, p. D1.

Melton, R.H. "Race track bill voted," Washington Post, March 7, 1985, p. B7.

Memoranda of the Connecticut General Assembly, Hartford CT:

1. Memo to The Honorable James Fleming, from Veronica Rose, Research Analyst, (February 21, 1991).
   Re: Arguments For and Against Casino Gambling

2. Memo to The Honorable Ronald L. Smoko, from Alice Bettencourt, Research Fellow, (February 25, 1991).
   Re: Laws Governing Casinos

3. Memo to The Honorable Dan Caruso, from Veronica Rose, Research Associate, (April 4, 1991).
   Re: Casino Gambling

4. Memo to The Honorable Lee A. Samowitz, from Alice Bettencourt, Research Fellow and Leslie Smith, Research Fellow, (May 16, 1991).
   Re: Casino Gambling Revenues

5. Memo from Veronica Rose, Research Associate (February 19, 1992).
   Re: Ledyard Casino Gaming Employees

Mercer, Bob, "Video Gambling Sweeps South Dakota," The Washington Post, August 20, 1991.

Messick, Hank, and Burt Goldblatt, The Only Game in Town, Thomas Y. Crowell: New York, NY (1976).

Midwest Hospitality Advisors, Impact Indian Gaming in The State of Minnesota: A Study of the Economic Benefits and Tax-Revenue Generated, Commissioned by Sodak Gaming Supplies, Inc., (February 1992).

Mikelberg, Felice, "Conn. tribe bypasses Weicker obstacle in homestretch," Gaming & Wagering Business, (July 15 - August 14, 1991), p. 52.

Mikelberg, Felice, "NIGC delivers definitions of Class II, III gaming," Gaming & Wagering Business, (December 15, 1991 - January 14, 1992), p. 33.

Mikelberg, Felice, "Tribal gaming generates $0.5B for Minnesota," Gaming & Wagering Business, (April 14 - May 14, 1992), p. 10.

Miner, Michael, "Morality? What Morality?" Reader (Chicago, IL), October 1, 1993, Section 1, p. 4.

"Minn. lottery takes to the air," Gaming & Wagering Business, (December 15, 1991 - January 15, 1992), p. 35.

Minnesota Extension Service, et al. Southwest Minnesota Gambling Survey: A Report of Gambling Participation in Southwestern Minnesota, (April 1992).

Minnesota Indian Gaming Association, Economic Benefits of Tribal Gaming in Minnesota, (March 1992).

Minnesota Indian Gaming Association, Testimony to Minnesota Senate Committee on Gaming Regulation, February 19, 1992.

Minnesota Planning, High Stakes: Gambling in Minnesota, Minnesota State Planning Agency, St. Paul, MN (March 1992).

Minnesota Racing Commission, Annual Report, (1991).

Minnesota State Lottery and St. Cloud University, A Study of the Public's Knowledge of Lottery Beneficiaries, Minnesota State Lottery, Roseville, MN., (October 1991).

Minnesota State Lottery and St. Cloud State University, A Survey of the Public's Knowledge of Lottery Beneficiaries, (October 1991).

Minnesota State Lottery, Annual Report, Roseville, MN (1991).

Minnesota State Lottery, Lottery Statutes and Rules, Chapters 349A, 609.651.

Mirage Resorts, Inc. Mirage Jobs Information Fair, (Brochure), Mirage Resorts: Las Vegas, NV. (1993).

Mobilia, Pamela, "A Little Bit More Evidence of Lottery Regressivity: The Kansas State Lottery," Journal of Gambling Studies, Vol. 8, No. 4, (Winter 1992).

Montana Department of Justice, Gambling Control Division, Annual Report: Fiscal Year 1990, Helena, MT, (1990).

Morin, Charles H., Gambling in America: Final Report of the Commission on the Review of the National Policy Toward Gambling, US Government Printing Office: Washington, DC. (1976).

National Indian Gaming Association, Speaking the Truth About Indian Gaming, Washington, DC. (1993).

New Orleans District Attorney's Office, The Impact of Casino Gambling on the City of New Orleans, New Orleans, LA, June, 1986.

"New Jersey panel rejects sports-betting request," New York Times, November 18, 1993, p. B7.

"Ninety policemen raid California reservations, seize games," Gaming & Wagering Business, (December 15, 1991 - January 14, 1992).

Oakland Econometrics, The Economic Impact of a Single Casino on the New Orleans and Louisiana Economies, Prepared for Resorts International, Inc., December, 1986.

Oakland Econometrics, The Economic Impact of a Single Casino on the New Orleans and Louisiana Economies, New Orleans, LA., (December, 1986).

"Ohio looks to revive parimutuel revenues," Gaming & Wagering Business, (December15, 1991 - January 14, 1992), p. 10.

Oleck, Joan, "Are They Gambling With Your Future," Restaurant Business, (November 20, 1992), p. 110.

On a Roll. Cowpokes sidle up to poker tables in Deadwood, South Dakota, and riverboat gamblers ply the Mississippi. 1890? No, 1990. America is a nation of gamblers again, The Economist, Vol. 314, No. 7638, (January 20, 1990).

Oneal, Michael and Christopher S. Eklund, "For Bally, Dumping Trump Raises the Ante," Business Week, (March 9, 1987), p. 45.

Opel, Fritz, "Key Issues in Media Relations for Native American Gaming," Indian Gaming, (February, 1992), p. 8.

Oregon Lottery's Proposed Operation of a Video Lottery System, A letter from Dave Frohnmayer, Oregon Attorney General and R. B. Madsen, Oregon State Police Superintendent to Debb Potts, Chair, Oregon Lottery Commission and Jim Davey, Director, Oregon State Lottery. (October 15, 1991).

Oregon State Lottery, Distribution of Lottery Profits for Economic Development: 1985-1991 Bienniums, Fourth Quarter, 1991-1993 Biennium (Through June 30, 1992), Salem, OR, (August 4, 1992).

Oregon State Lottery, Lottery Fact Sheet, February 1992, Salem, OR.

Oregon State Police, Report and Recommendations to the Lottery Commission Regarding Proposed Video Lottery System Security Measures, Department of Justice, Salem, OR. (October, 1991).

Organized Crime: 25 Years after Valachi, Hearings before the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, United States Senate, One Hundredth Congress, Second Session, (April 11, 15, 21, 22, and 29, 1988)

Painton, Priscilla, "Boardwalk of Broken Dreams," Time, (September 25, 1989), p. 64.

Palmer, Thomas, "Whitey's bonanza takes a big share of the public's attention," Boston Globe, (July 31, 1991).

Pannell, Kerr, and Forster, Gambling Impact: An Overview of the Effect of Legalized Gambling in the City of New Orleans, Prepared for the Gaming Committee of the Greater New Orleans Tourist and Convention Commission, New Orleans, LA., (April, 1986).

Parsons, Jim, "Lottery sizes up '91," [Twin Cities] Star Tribune, (February 24, 1992).

Passell, P., "Lotto is financed by the poor and won by the states," New York Times, May 21, 1989, p. E6.

Pearson, Larry, "Attendance down, win up on Alton Belle," Gaming & Wagering Business, (January 15 - February 14, 1992), p. 25.

Pearson, Larry, "Miss. ship owners indicted on illegal bookmaking," Gaming & Wagering Business, (May 15 - June 14, 1992), p. 32.

Pearson, Larry, "Will Louisiana turn the Mississippi into a river of green?" Gaming & Wagering Business, (September 15 - October 14, 1991), p. 30.

Perskie, Stephen P., "The Word from New Jersey - What Hartford Can Expect from Casino Gambling", Hartford Courant, March 29, 1992, p. E1.

Perskie, Steven P., "Playing the visible hand of government," Gaming & Wagering Business, (July 15 - August 14, 1992).

Petroski, William and Ken Fuson, "River Gambling Dealt Blow," Des Moines Register, May 28, 1992, p. 1.

Philips, Frank, "Moseley denounces simulcast bill," Boston Globe, June 30, 1992, p. 57.

Piliavin, Irving, and Bradley R. Enter Wright. Lottery Play Among Wisconsin Residents: A Second Look at Who Plays and How Much They Spend, Institute for Research on Poverty Special Report No. 54, University of Wisconsin, Madison, (June 1992).

Piliavin, Irving and Michael Polakowski, Who Plays the Lottery? A Comparison of Patterns in Wisconsin and the Nation, Institute for Research on Poverty Special Report No. 50, University of Wisconsin, Madison, (January 1990).

Pipho, Chris, "Watching the Legislatures," Phi Delta Kappan, (January 1990), p. 342.

Politzer, Robert M., James S. Morrow and Sandra B. Leavey, "Report on the Cost-Benefit/Effectiveness of Treatment at the Johns Hopkins

Center for Pathological Gambling," Journal of Gambling Behavior, Vol. 1, No. 2, (Fall/Winter 1985), pp. 131 - 142.

Prescott, Leonard, "Commission Implementation of IGRA May Threaten Tribal Gaming," Indian Gaming, (March 1992), p. 3.

Public Affairs Research Council of Louisiana, Inc., Legalized Gambling in Louisiana: A Review of the Issues, (February 13, 1986).

Public Affairs Research Council of Louisiana, Inc., Press Release, (April 1, 1992).

Putriment, Craig, Foxwoods High Stakes Bingo and Casino: Case Study, [Unpublished Manuscript, from Author], (March 31, 1992).

Qualls, John H., The Economic Impact of Riverboat Gaming on Economic Activity in the Springfield, Massachusetts Area, Micro Economics, Ltd., St. Louis, MO, (April, 1993).

Ramirez, Anthony, "Minnesota Cancels Plan to Play Lottery on Nintendo," The New York Times, October 19, 1991.

Raymond James & Associates, Inc. "The Dramatic Growth of Legalized Gambling in North America," (September 3, 1991).

Reed, W.F. and H. Kluetmeier, "Fading Fast," Sports Illustrated, (April 22, 1991), p. 90.

Reife, Mark J., "Two Projects for the Price of Everything," New Jersey Casino Journal, (April 1993), p. 8.

Response to David Wright Tremaine's Analysis of the Attorney General's Report to the Lottery, A letter from Dave Frohnmayer, Oregon Attorney General and R. B. Madsen, Oregon State Police Superintendent to Debb Potts, Chair, Oregon Lottery Commission (November 21, 1991).

Reuter, Peter, Disorganized Crime, The Economics of the Invisible Hand, MIT Press: Cambridge, MA (1983).

Rich, Wilbur C., "The Politics of Casino Gambling Detroit Style," Urban Affairs Quarterly, Vol. 26, No. 2, (December 1990).

"Rien ne va plus, States are Turning to Gambling to Cure Their Debts. It May Look Like an East Solution. It Isn't," The Economist, Vol. 317, No. 7685, (December 15, 1990).

Rigert, Joe, "Bingo hall paid legislator," [Twin Cities] Star Tribune, (October 26, 1989).

Rigert, Joe and Robert Franklin, "Abuses pervade charitable gambling," [Twin Cities] Star Tribune, (February 2-8, 1990).

Robbins, Carla Anne and Elizabeth Ames, "Money Laundering, Who's Involved, How it Works, and Where It's Spreading," Business Week, (March 18, 1985).

Rose, I. Nelson, "Gambling and the Law-Update 1993," COMM/ENT, Hastings Communications and Entertainment Law Journal, Hastings College of Law, University of California, (Fall 1992).

Rose, I. Nelson, "Gambling and the Law: 1992 Elections, Endless Fields of Dreams," Unpublished paper from the author, (1993).

Rose, I. Nelson, "Gambling and the Law," Indian Gaming, (January 1992), p. 12.

Rose, I. Nelson, "Sinking Riverboats," New Jersey Casino Journal, (August 1991), p. 44.

Rosett, R. N., "Gambling and Rationality," Journal of Political Economy, Vol. 73, No. 6, (December 1965).

Rowe, Frederick E. Jr., "Don't Bet Your Life," Forbes, (October 15, 1990), p. 233.

Ryan, Timothy P., et al. The Impact of Casino Gambling in New Orleans, Division of Business and Economic Research, University of New Orleans: New Orleans, LA (May 1990).

Sasuly, Richard, Bookies and Bettors, 200 Years of Gambling, Holt, Rinehart and Winston: New York, NY (1982).

Scarne, John, Scarne's Complete Guide to Gambling, Simon & Schuster: New York, NY (1961).

Schlosberg, Jeremy, "Gambling on Casinos," American Demographics, Vol. 10, (March 1988).

Scott, L. and Earl Ryan, "Resurrecting Roulette: How to Revive an Attractive Table Game," New Jersey Casino Journal, (August 1991), p. 22.

Scott, L. and Earl Ryan, The Economics of Casino Gambling, Louisiana State University Press: Baton Rouge, LA (1987).

"Sen. Cullerton on Gaming in Illinois", Gaming and Wagering Business, (June 15 - July 14, 1993).

Senate {Massachusetts State} Committee on Post Audit and Oversight, Toward Expanded Gaming: A Preview Of Gaming in Massachusetts, Commonwealth of Massachusetts, September, 1993, pp. 85, 86.

"Senate KOs state-sponsored gaming," Gaming & Wagering Business, (July 15 - August 14, 1992), p. 3.

Shaffer, Howard J., "The Emergence of Youthful Addiction: The Prevalence of Underage Lottery Use and the Impact of Gambling," Technical Report No. 011394-100, Massachusetts Council on Compulsive Gambling: Boston, MA, (January 13, 1994).

Shaffer, Howard J., Sharon A. Stein, Blase Gambino, and Thomas A. Cummings. Compulsive Gambling: Theory, Research, and Practice. Lexington Books: Lexington, MA (1989).

Sifakis, Carl, The Encyclopedia of Gambling, Facts on File: New York, NY (1990).

Simon, Carl P. and Ann D. Witte, Beating the System: the Underground Economy, Auburn House Publishing Company: Boston MA, (1982).

Simurda, Stephen J., "When Gambling Comes to Town", Columbia Journalism Review, (January - February 1994), p. 36.

Skolnick, Jerome H., "A Zoning Merit Model for Casino Gambling," The Annals of the American Academy of Political and Social Science, Vol. 474, (July 1984), pp. 48-60.

Skolnick, Jerome H., House of Cards: Legalization and the Control of Casino Gambling, Little, Brown: Boston, MA (1978).

Slusher, G.M., The Casino Gaming Industry and Its Impact on Southern New Jersey, Atlantic County Division of Economic Development, Atlantic City NJ, January, 1991.

"Some celebrate; others just hope," Boston Globe, April 8, 1992.

South Dakota Commission on Gaming, Annual Report and Gaming Abstract: Fiscal Year 1992, South Dakota Department of Commerce and Regulation. Pierre, SD. (1992).

Southeastern Connecticut Regional Planning Agency, Casino Impact Study, [Norwich, CT], (November 1991).

Southwest Minnesota Gambling Survey: A Report on Gambling Participation Levels in South Western Minnesota, A Joint Project of Minnesota Extension Service, Southwest State University and Project Turnabout, Grantite Falls, MN., (April 1992).

Spiers, Joseph, "No Downturn Here," Fortune, (October 8, 1990), p. 82.

St. Regis Mohawk Tribal Council, "Safire Strikes Again," Indian Gaming, (February 1992), p. 5.

Stansfield, Charles, "Atlantic City and the Resort Cycle: Background to the Legalization of Gambling," Annals of Tourism Research, Vol. 5, No. 2, (April/June 1978).

Stern, L., and J. Connolly, "How Merv Griffin Got Taken to the Cleaners," Forbes, (June 11, 1990), p. 38.

Sternlieb, George and James W. Hughes, The Atlantic City Gamble, Harvard University Press: Cambridge, MA (1983).

Study of Financial Results and Reporting Trends - 1988 US Gaming Industry, Laventhol and Horwath, Certified Public Accountants, Philadelphia, PA. (1988).

Suits, Daniel B., "Gambling Taxes: Regressivity and Revenue Potential," National Tax Journal, Vol. 30, No. 1, (January 1977).

Sullivan, Joseph F., "Sports bets lose again in Trenton, New York Times, December 10, 1993, p. B6.

Sullivan, Joseph F., "U.S. lawsuit says mob controls union in Atlantic City's Casinos," The New York Times, December 20, 1990.

"Sycuan Indian Leaders Create 'Loaned Executive' Program to Assist Morongo Tribe," Indian Gaming, (January 1992) p. 6.

"Talks in progress following raid in Arizona," Gaming & Wagering Business, (July 14 - August 15, 1992).

Tax Research Division, Minnesota Department of Revenue, Horse Racing in Minnesota: The Impact of 1988 Changes on the State's Economy, Prepared for the Minnesota Racing Commission, Minnesota Department of Revenue, St. Paul, MN., (June, 1989).

The Effects of Legalized Gambling on the Citizens of the State of Connecticut, Laventhol and Horwath, Certified Public Accountants, Philadelphia, PA. (1988).

"The Fool's Gold in Gambling", U.S. News and World Report, April 1, 1991, p. 22.

Thompson, William and Michele Comeau, "Take your Nevada blinders off," Gaming & Wagering Business, (July 15 - August 14, 1992), p. 39.

Thompson, William N., "Casino Legalizations: A Stalled Movement," State Government, Vol. 57, No. 2, (1984), p. 60.

Thompson, William N., et. al., "Not in My Backyard: Las Vegas Residents Protest Casinos," Journal of Gambling Studies, Vol. 9, No. 1, Spring, 1993.

Tolchin, Martin, "Competitive edge held lost by U.S. industry," The New York Times, November 14, 1991.

Tremaine, David Wright, Analysis of the Attorney General's Report to the Lottery, Prepared for the Oregon Restaurant Association and the Oregon Amusement and Music Operators Association, Portland, OR. (no date).

"Tribes 'will not stand' for further gaming restrictions," International Gaming & Wagering Business, (January 5, 1994), p. 17.

United States Internal Revenue Service, Legal Casinos - Source of Income for Organized Crime, Testimony of Special Agent Ryan T. Corrigan, Group Manager, IRS: Reno, NV. (no date).

Turner, Bruce, "Video Lottery: The State of the Industry," Address at the World Gaming Congress, September 22 - 24, 1992, Las Vegas, NV.

"Using Loophole in Treasury Rule, Casinos said to Help Launder Illegal Drug Money," Wall Street Journal, March 17, 1983.

Valle, Paul Della and Scott Farmelant, "A Bad Bet: Who Really Pays for the Massachusetts Lottery's Success?" Worcester Magazine [Massachusetts], (January 27, 1993), p. 16.

Vizenor, Gerald, Crossbloods: Bone Courts, Bingo, and Other Reports University of Minnesota Press: Minneapolis, MN (1976 and 1990).

Vizenor, Gerald, The People Named the Chippewa: Narrative Histories, University of Minnesota Press: Minneapolis, MN, (1984).

Waldman, Hilary, "Casino to stack deck in hiring," Hartford Courant, June 8, 1992.

Volberg, Rachel, "Assessing the Social and Treatment Costs of Gambling," From an unpublished talk given at the Seventh National Conference on Gambling Behavior, sponsored by the National Council on Compulsive Gambling; New London, CT, (July 22 - 24, 1993).

Volberg, Rachel A. and Randell M. Stuefen, "Gambling and Problem Gambling in South Dakota," Gaming in South Dakota, Business Research Bureau, University of South Dakota, Vermillion, SD, (November 12, 1991).

Volberg, Rachel and Henry J. Steadman, "Accurately Depicting Pathological Gamblers: Policy and Treatment Implications," Journal of Gambling Studies, Vol. 8, No. 4, Winter, 1992.

Walker, Micheal B., "Irrational Thinking Among Slot Machine Players," Journal of Gambling Studies, Vol. 8, No. 3, Fall, 1992.

Walker, Michael B., The Psychology of Gambling, Pergamon Press: Oxford (England), (1992).

Walsh, Edward, "Despite Revenue Drop, States Continue To Bet On Gambling To Cure Economies," Washington Post, October 3, 1991.

Walsh, Edward, "Rise of casino gambling on Indian Land sparks controversy," The Washington Post, June 16, 1992, p. A3.

Walters, Laurel S., "Gambling and Young People: More Teens Play Games of Chance," Christian Science Monitor, April 25, 1990, p. 12.

Walters, Laurel S., "Taking a chance on education," Christian Science Monitor, (August 16, 1993), p. 9.

Warker, Kimberly J., Casino Gambling in Urban Redevelopment: A Case Study of the Political Economy of Atlantic City, New Jersey, College of Urban Affairs and Public Policy, University of Delaware Ph.D. Dissertation, (1988), pp. 46 - 55.

Watson, Bruce, "Defying the Odds: State lottery grows as economy weakens," [Northampton, MA] Daily Hampshire Gazette, June 12, 1991, p. 17.

Weinstein, David, and Lillian Deitch, The Impact of Legalized Gambling: The Socioeconomic Consequences of Lotteries and Off-Track Betting, Praeger: New York (1974).

Werner, Robert W., Executive Director, Connecticut Division of Special Revenue, Letter to State Senator James Maloney and State Representative Richard Mulready, (April 27, 1993).

"Westfield officials offended by ad," [Northampton, Mass.] Daily Hampshire Gazette, November 8, 1991.

Whereatt, Robert, "Big Casino!" [Twin Cities] Star Tribune, March, 5, 1992, p. 1.

Whereatt, Robert, "Carlson says he'd be receptive to Canterbury deal," [Twin Cities] Star Tribune, May 29, 1992, p. 1B.

Whereatt, Robert, "Gambling boom brings better life to state Indians," [Twin Cities] Star Tribune, July 28, 1991, p. 1A.

Whereatt, Robert, "'92 Legislature's new deal: it folds on gambling," [Twin Cities] Star Tribune, April 20, 1992, p. 1B.

Whereatt, Robert, "Judge disallows off-track betting," [Twin Cities] Star Tribune, March 13, 1992, p. 1A.

Whereatt, Robert, "Racing publisher's suit challenges legality of charitable gaming," [Twin Cities] Star Tribune, May 12, 1992, p. 1B.

Whereatt, Robert and Josephine Marcotty, "Sprucing up their image," [Twin Cities] Star Tribune, May 12, 1992, p. 1A.

"Will gaming industry replenish tax cuts?" Gaming & Wagering Business, (January 15 - February 14, 1992), p. 3.

Williams, John, Charitable Gambling in Minnesota, House Research Information Brief, Research Department, Minnesota House of Representatives, St. Paul, MN. (Revised: June, 1991).

Williams, John, The Minnesota State Lottery: Questions and Answers, House Research Information Brief, Research Department, Minnesota House of Representatives, St. Paul, MN. (September 1988).

Wykes, Alan, The Complete Illustrated Guide to Gambling, Doubleday: Garde City, NJ (1964).

"Wynn says he could liven up "boring" Connecticut," Gaming & Wagering Business, (April 15 - May 14, 1992), p. 7.

Yoshihashi, Pauline, "Big Casino Companies are Placing Bets on Land-Based Project in New Orleans," Wall Street Journal, June 9, 1992.

Yoshihashi, Pauline, "The gambling industry rakes it in as casinos spread across the U.S.," Wall Street Journal, October 22, 1993, p. A1.

Yurko, Chris, "Instant tickets, big problems?" [Northampton, Mass.] Daily Hampshire Gazette, July 4-5, 1992, p. 1.

Zacharia, Mark, "Judge KOs Minn. OTB bill; says it's unconstitutional," Gaming & Wagering Business, (May 15 - June 14, 1992), p. 3.

Zielinski, Joan, "When the newness wears off," Gaming & Wagering Business, (April 15 - May 14, 1992), p. 40.

Zielinski, Joan, Blake Cumbers and Chuck DiRocco, "Marketing the race track," Gaming & Wagering Business, (March 14 - April 14, 1992), p. 58.

Zuckoff, Mitchell, "State-run games flout ad standards," Boston Globe, September 27, 1993, p. 9.

Zuckoff, Mitchell, and Doug Bailey, "Cities weigh quick cash vs. social costs," Boston Globe, September 30, 1993, p. 1.

Zuckoff, Mitchell, "6 attorneys general in bid to stop legalized gambling," Boston Globe, November 23, 1993, p. 35.

Zuckoff, Mitchell and Doug Bailey, "Easy Money: America's Big Gamble," Boston Globe, Five-part series, September 26, 27, 28, 29, 30 and October 1, 1993.

Zuckoff, Mitchell, and Doug Bailey, "US turns to betting as budget fix," Boston Globe, September 26, 1993, p. 1.