

consistent with a study completed in 1997 by Harvard University and funded by the commercial casino industry. The research also indicates that the impacts of pathological gambling are significantly smaller than the impacts of other health problems such as alcohol abuse.

The casino industry recognizes that, although the percentage is small, pathological gambling affects a significant number of individuals. Many of the Commission recommendations in this area were based on steps we in the commercial casino industry have already undertaken. For example, commercial casinos created the first and only foundation to date dedicated to funding research in the area of pathological gambling - the National Center for Responsible Gaming. I also believe that more needs to be done, and that all segments of the legalized gaming industry, including lotteries, convenience gambling, charitable gaming, tribal gaming and pari-mutuels, should join the work in which we are currently engaged to help those who are in need.

While I am supportive of the majority of the Commission's recommendations, I am disappointed in some of the rhetoric that doesn't represent our findings, and will no doubt be used in the future by critics to distort what actually was found. One example is relative to the issue of research. Although the report states repeatedly that there was not enough research to draw conclusions, the record clearly shows that at least on the issue of commercial casino gambling that is not the case. The Commission's emphasis on this point implies that states and communities have not given their decisions to legalize commercial casinos full consideration. The record before us was quite to the contrary, and this impression does a grave disservice to the community and state leaders as well as the voters who have made those decisions.

In conclusion, I believe that any important decision affecting communities should be fully researched to consider all of its possible impacts. The Commission has done a great service for the states and communities that have legalized gaming, as well as those that may consider the legalization of gaming in the future by adding to the store of knowledge on this industry.

PERSONAL STATEMENT OF RICHARD C. LEONE
JUNE 7, 1999

I believe that, on balance, the American people are net losers in a society of pervasive gambling. This judgment is based on the ravages caused by pathological gambling and the hypocrisy of government sponsored games. I also am troubled by the message embedded in many familiar lottery advertisements: the notion that, for most Americans, the only hope of big time financial success--the kind celebrated in the news every day--is a ticket in a multi-million-to-one Powerball game. We need to ask ourselves: do we promote the pursuit of the American Dream through hard work and diligence--or through a roll of the dice?

This report will be criticized, by some, for going too far, and by others, for not going far enough. Our work is far from perfect, and none of the commissioners is completely satisfied. Still, we have made an important start in the process of reassessing and, I hope, reforming the nation's policies toward gambling.

Our report now goes to the President, the Congress, the governors, and the state legislatures. Its fate, however, depends not on their reaction, but rather on the response of the American people. Without a shift in public opinion, we cannot expect much leadership on these issues from our elected officials. That is why I devote my last and personal statement to considering the prerequisites for a sea change in public policy toward widespread legalized gambling.

First, we have to be realistic about the extent to which modern politics and many policy decisions are driven by fund raising. Campaigns are outrageously expensive and candidates and office holders must engage in a relentless--some would say shameless--pursuit of campaign contributions. Gambling interests, like other businesses that are heavily dependent on governmental decision-making, have become high rollers in the campaign money game. These interests are sure to be a part of any conversation about change and to resist proposals to curtail gambling's growth.

Second, the same cause--the high cost of campaigns--will continue to give gambling's supporters an advantage in referenda about gambling. California is only the most recent example of this phenomenon in action. More grass roots participation, itself dependent on more public education, is the only practical antidote to this imbalance.

Third, we must recognize that, to politicians, gambling revenues often seem like free money--taxes without the downside of public disapproval. And, as long as government leads the way on gambling, it is folly to hope that private interests will be restrained. It may be no coincidence that the surge in legal games of chance fits neatly with the fact that, starting in the 1970s, campaigns increasingly became dominated by anti-government and anti-tax rhetoric. In this context, is it any wonder that gambling, a source of revenue that takes advantage of public weakness and the myth that no tax is involved, has become increasingly important? While we hear little from most public officials about the human cost of gambling addiction and the destructive psychology of state-sponsored get-rich-quick schemes, we hear lots about the economic advantages and revenue enhancements from more gambling.

Lotteries, especially, seem to bring out the worst in politicians. They are heavily and misleadingly advertised; they pay back to bettors the smallest share of the take of any legal game; and they are an extremely regressive form of taxation, hitting hardest those with least ability to pay. Yet, lotteries have proven to be catnip for elected officials who fear taxation. Sure, some political leaders sincerely disapprove of gambling. But, like gamblers themselves, they appear to believe that they can have it both ways. Convinced that elections depend on a combination of opposing taxes without making painful choices, they are now trapped. So, they hope to get lucky and put off tough choices about taxes and spending by chasing increased gambling revenues. For them and for us, it's a sucker's bet.

The situation, however, is far from hopeless. Our system can be marvelously responsive to the public will--when that will is informed and manifest. But the public needs help. It needs the media to report more than jackpots, and it needs leaders of every type--conservative and liberal, business and non-profit--to join hands in a public education effort. There are, as well, recommendations in the report that would force governments to disclose more information about state-sponsored gambling. Getting the facts out will make a real difference here, as was the case with information campaigns about smoking.

I am confident that an informed public can and will effect a change of direction on gambling. Our elected officials, after all, do not suffer from a lack of polling information. They may lack courage or foresight, but they can't be beat for marching to the pulse of the public. I wish that it were realistic to ask more of them, but, in the absence of an interested and aroused citizenry, the odds favor more gambling, not less.

So the task for those of us who would change the current course is clear: we must find ways to reach all sorts of people and help them to understand the complex issues generated by gambling's spread and incite their interest in reform proposals--including those put forward by this commission. If we make a beginning on this task, then the work of the commission will be well remembered as a turning point. It won't be easy, but, after two years of work on this subject, I am convinced that it can and must be done.

**Statement of
Commissioner Robert W. Loescher
Of the National Gambling Impact Study Commission
June 7, 1999**

President Clinton appointed me to serve as the only Native American on the National Gambling Impact Study Commission. The Commission was charged by Congress to study, among other things, the status of tribal governmental sponsored gaming in the United States. The Commission came to realize that this was a complex task and appointed a Tribal Gambling Subcommittee. The Subcommittee had six field hearings in addition to the full Commission hearings. It sought the views of tribal leaders throughout Indian Country. Over 100 tribal leaders came to testify at their own expense and their views influenced the tone and texture of the final report.

In further recognition of the importance and complexity of the task, the Subcommittee sought and received concurrence by the Commission to have its own separate chapter in the final report. The report on Indian gaming is simply a snapshot of the status of Indian gaming in America today. The Commission concluded that the right of tribal governments to operate gaming is deeply entrenched in the tribes' special relationship with the federal government in the United States Constitution. And this distinguishes Indian tribal governmental gaming from all other gaming in the United States. Congress created a second critical distinguishing attribute of Indian gaming in the Indian Gaming Regulatory Act (IGRA) of 1988 — the revenues from Indian gaming must be used for the social and economic benefit of tribal members who desperately need it. In my view, the benefits from Indian gaming are just a tiny downpayment on the deficit of stupendous social and economic needs facing the vast majority of Native American citizens. The Commission record strongly supports the conclusion that the economic benefits under IGRA are being realized.

Indian gaming furthers Indian Self Determination through tribal ownership and control of its gaming operations. It furthers economic benefit to the surrounding communities by employing at least 100,000 people regardless of race, color or creed.

Tribal governments were some of the first to recognize that gaming has social costs and did something about it. The Commission's record shows that tribal governments made the first real financial commitments to help identify and alleviate problem and pathological gambling.

I was very disappointed that the Commission declined to include a narrative that objectively and clearly described the structure, operation and implementation of the regulation of Indian gaming. For all of its early weaknesses, Indian gaming is increasingly well regulated by a partnership of the tribal, state and federal governments. The National Indian Gaming Commission (established by IGRA) has ordered the implementation of Minimum Internal Control Standards (MICS) that provide a uniform standard of Indian gaming regulation throughout the United States. The Commissioners indicated that Indian gaming regulation was extremely complex and legalistic and wouldn't deal with it. At the same time, it is my view that Indian gaming is increasingly viewed as a threat and viable competitor to commercial gaming. The severe criticism of the Indian Gaming Regulation was one way to slow it down. In my view, the Commission was obligated to objectively describe the status of Indian gaming regulation and it did not do so.

Two of the most contentious issues between tribes and states are the scope of gaming and the compacting procedures. The Commission's report has not shed any new light on these issues. I strongly object to limiting tribal gaming rights under existing law as the second recommendation on scope of gaming suggests.

My goal as a Commissioner was to review all aspects of gaming in America, with strong emphasis on Indian gaming. The overall report is weighted heavily to a small percentage of the American public that are burdened with very real problem and pathological gambling. The report does little to acknowledge the fact that millions of Americans participate in and enjoy gaming as entertainment without any problems. This report and recommendations should help educate the American public on the positive role tribal governmental gaming has played in Indian Country. It has given hope and provided new economic resources to help alleviate long neglected social and economic problems. It also suggests positive recommendations to improve Indian gaming regulation.

In pursuing gaming, tribal leaders have done the best that they could do with very limited resources and opportunities, and at this point in history I believe they should be commended for what they have accomplished.

Personal Statement of Leo T. McCarthy

As one not connected to the gambling industry, nor driven by a desire to ban all forms of gambling as morally reprehensible, I have formed some opinions after two years work on the NGISC.

I learned gambling has some redeeming qualities, especially these three: (1) Some impoverished Native Americans have or will have a much better quality of life; (2) About 100,000 Americans, mainly union members, have much better jobs in the gambling industry than their former jobs in other sectors; and (3) Some economically depressed communities in which gambling facilities have been located are better off, because neither government nor the private has have chosen to economically develop such communities in order to create jobs, profits and a better life for the families trying to survive there.

There is a heavy price to pay for gambling's up side. Our *Final Report* reveals that about 15.4 million American adults and adolescents are problem or pathological gamblers. Multiply that number several times to include serious negative consequences to family members, employers, and the general taxpaying public and you begin to get an idea of the downside.

The gambling industry has reminded our Commission many times that the overwhelming number of adults who gamble, do so only occasionally without harming themselves or others. They are right on the numbers. About 125 million American adults gambled during a 12 month period in 1997-1998. In 37 states they bought lottery tickets, in almost 40 states they played slot machines, in eight states they bet from home on horseraces. They gambled in many other ways in venues now available almost everywhere.

The big problem for all of us are those 15.4 million adult and adolescent problem and pathological gamblers. They are the source of immense pain and cost.

So far, most state and tribal officials and gambling facility owners are refusing to share responsibility for developing solutions to this problem. Fortunately, there is a small number of tribal and state leaders, as well as some gambling facility owners, willing to take some serious steps.

The Commission has made numerous recommendations that will have as much impact as the Congress, President, and State and Tribal leaders decide they should.

If acted upon, many of these recommendations could effectively address the downside of gambling in America.

Among the most important to come out of this Commission's two years of work is a group of 15 research recommendations to Congress and to four the States supported by all nine Commissioners, including three who have been closely associated with the gambling industry. If most of that research is undertaken, policymakers and the public will be much better informed and will ultimately fight for serious answers.

Government-run gambling, such as lotteries, should be the first to aggressively address negative consequences they help create. For example, Commission research found that about 5% of lottery players buy around 51% of the value of lottery products sold. I could place a safe bet that many in this category are problem or pathological gamblers. The general response of State lottery regulators was that this research was flawed. The spokesmen for State officials were implicitly suggesting that lotteries are not responsible for producing problem or pathological gamblers.

As the Commission has recommended, each State should immediately undertake its own legitimate prevalence study and let the public weigh the facts.

Every State Legislature could ban gambling by anyone less than 21 years of age, as our Commission proposes. That would be a positive contribution to reducing the alarming rate of problem adolescent gamblers in many States.

There are many other important recommendations. In the final analysis, it is the political will of elected officials at federal, tribal and State levels that will decide many of these issues, in the face of an accelerating number of political campaign contributions from various stakeholders in the industry. Just as important will be the decision of many gambling industry leaders to actively cooperate with efforts to tackle the negative consequences of gambling.

I don't want my eight grandchildren to grow up in a society in which gambling advertising reinforces the notion that upward mobility is more likely to be achieved by random chance than by diligent study and hard work. I'm betting most American families share that sentiment.



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Statement of John W. Wilhelm Member, National Gambling Impact Study Commission

A mother of two fled Cuba for a job at \$3.25 an hour with no benefits, in the Florida fields. Eventually, she found her way to a Union hotel casino job. She glowed with pride as she told this Commission about her ability, as a guest room attendant, to support her family with decent wages, excellent benefits, and a good pension.

A cook in a non-union restaurant worked long hours, with no benefits, and fell prey to alcohol abuse. He told this Commission how his life changed when he got a job cooking in a Union hotel casino. Because he has a decent wage, he only has to work an 8-hour shift, so he has time for his family. He left alcohol behind and became a committed Christian. He is a Union Steward, is registered to vote for the first time, and serves on the Republican National Committee.

In an America whose stability is threatened by a widening economic gulf between our wealthiest citizens and the great majority of us, we must meet the challenge of providing secure, family-friendly jobs, with good benefits, as we shift to a service-sector economy.

These two American success stories, and dozens like them, provided this Commission with eloquent proof that Union gaming jobs are part of the answer to that challenge. These compelling human stories moved every Commissioner, no matter their views on gambling.

Those who oppose legal gambling have a moral obligation to answer: If they would deny a good Union job to a family trapped in poverty because they oppose gambling, what alternative will they offer that family?

Those who call for analyzing the economic and social costs of gambling have a moral obligation to consider the economic and social costs of low-wage, no-benefit, high-turnover jobs that are becoming the norm for Americans.

Another inspiring message leaps from this Commission's record: The vital role of tribal gaming in long-overdue economic development on Indian reservations, where the

Statement of Commissioner John W. Wilhelm (Cont'd)

legacy of abject poverty and enduring social problems are America's shame. Those who seek to deny this economic tool to Native Americans have a moral obligation to provide an economic alternative. Gambling opponents offered no such alternative to this Commission.

I also believe that this Commission's work will result in collective bargaining rights for tribal gaming employees (most of whom are not Native Americans), and pave the way for an enduring alliance between Indian Country and the American labor movement.

This Commission has done an important public service by spotlighting problem and pathological gambling. Most Americans gamble, and do so responsibly. But we heard tragic stories from some of the millions of people, some of them gaming employees, whose lives are fractured by problem gambling. The gaming industry has a moral obligation to provide the primary response to this growing problem.

Another Commission conclusion is worth highlighting. Destination resorts – which include hotel, restaurant, entertainment, and shopping options in addition to gambling – produce greater economic benefits, and fewer downsides, than other forms of gambling. The Commission record confirms that the greatest economic benefits come from unionized destination resorts.

I am deeply grateful to House Democratic Leader Richard A. Gephardt for his belief that gaming employees deserved representation on this Commission.

Our Chair, Kay Coles James, willed us to a unanimous report by the strength of her talent, brains, skill, inclusiveness, and grace. She is a distinguished American. I am grateful to each of my fellow Commissioners for their dedication and open-mindedness. Robert W. Loescher, the able and persistent tribal representative, gave me the opportunity to collaborate with him on the Native American Tribal Gambling chapter. J. Terrence Lanni provided exemplary representation for his industry by the force of his character, integrity, fairness, and courtesy. Dr. James C. Dobson went out of his way to listen to gaming employees, in spite of his sincere opposition to gambling. Dr. Paul H. Moore and Leo T. McCarthy did yeoman work as Chairs of the Indian Gambling and Research Subcommittees, on both of which I was privileged to serve. William A. Bible's wealth of regulatory experience and integrity were invaluable. Richard C. Leone's knowledge, experience, and insistence on challenging conventional wisdom were crucial.

Finally, I personally, and this Commission, owe an overwhelming debt of gratitude to Eric P. Altman, Senior Research Analyst for the Hotel Employees and Restaurant Employees International Union. I could not have functioned without his able, tireless, and congenial service. He was vital to this Commission's success, and to giving gaming employees the chance to tell their stories.

