Testimony of Professor John W. Kindt

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Testimony
Before the Committee on Resources
United States House of Representatives

Hearing on Tribal proposals to acquire land-in-trust for gaming across states lines; and how such proposals are affected by the off-reservation discussion draft bill
April 27, 2005
TESTIMONY OF JOHN WARREN KINDT

This Statement will address the following issue areas, as requested by the Committee.

2. Solutions: Transform Tribal Gambling Facilities into Educational and Practical Technology Facilities;
3. The Feeder Market Impacts of Tribal Casinos;
4. Tribal Gambling Activities: The Issues Involving Market Saturation; and
5. Are Tribal Games and Slots “Fair” to Patrons?

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During the 1990s, the international economic and diplomatic ramifications of the spread of U.S. gambling technologies throughout the United States and the world were outlined in an article written at the suggestion and under the auspices of former Secretary of State Dean Rusk. The article was: John W. Kindt, U.S. Security and the Strategic Economic Base: The Business/Economic Impacts of Legalized Gambling Activities, 33 St. Louis U.L.J. 567-584 (1995), reprinted in National Gambling Impact and Policy Comm’n Act: Hearing on H.R. 497 before the House Comm. on the Judiciary, 104th Cong., 1st Sess. 519-27, 528-45 (1995).

U.S. tribal gambling issues are larger than myopically trying to help the selective impoverished. The U.S. tribal model is being marketed around the world as economic development to Third World countries, but their economies just become poorer, and their infrastructures and financial institutions become destabilized.

As commonly utilized by U.S. State Department analysts, the McDougal/Lasswell methodology for policy-oriented decision-making highlights these strategic problems with the spread of U.S. gambling technologies. See, e.g. John W. Kindt & Anne E.C. Brynn, Destructive Economic Policies in the Age of Terrorism: Government-Sanctioned Gambling as Encouraging Transboundary Economic Raiding and Destabilizing National

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2. Solutions: Transform Tribal Gambling Facilities into Educational and Practical Technology Facilities


Thereafter, as pro-gambling interests returned to Nebraska, they were repeatedly rebuffed by the academic community, which was exemplified in one instance by 40 economists publicly rejecting new gambling proposals that would “cannibalize” the consumer economy. Robert Dorr, 40 Economists Side Against More Gambling, Signers: Costs Likely Higher than Profits, Omaha World-Herald, Sept. 22, 1996, at B1.

In a unanimous vote (except for one dissent by a representative from a casino district) on March 17, 2005, the Illinois House Government Affairs Committee favorably reported H.B. 1920 to the House for a vote to re-criminalize Illinois casinos.

Similarly, suggestions have been made to re-criminalize gambling facilities in other states and transform the gambling facilities into educational and high-tech assets – instead of giving the gambling industry tax breaks. Casinos and gambling parlors would generally be compatible with transformations into educational and high-tech resources. For example, the hotels and dining facilities could be natural dormitory facilities. Historically, facilities built for short-term events, such as various World’s Fair Expositions, the 1996 Olympic Village (converted to facilities for the Georgia University system), and other public events have been transformed into educational and research facilities.

Given the allegations of misuse, non-accounting, and even malfeasance involving gambling revenues in Native American operations, various legislative personnel in the late 1990s considered potential legislation that would place Native American gambling revenues in trust for the benefit of all Native Americans, not just a few senior tribe members. This policy was to be combined with the partial use of trust monies to convert Native American gambling facilities into educational, cultural, and business facilities. For a historical summary of issues, see Bruce Orwall, Gaming the System: The Federal Regulator of Indian Gambling is Also Part Advocate, Wall St. J., July 22, 1996, at A1.

For concerns by the 1999 U.S. National Gambling Impact Study Commission, see, for example, Nat’l Gambling Impact Study Comm’n, Final Report 7-9 (June 1999). “Again, the unwillingness of individual tribes as well as that of the National Indian Gaming Association (the tribes’ lobbyists) and the National Indian Gaming Commission, (the federal agency that regulates tribal gambling), to provide information to this Commission, after repeated requests and assurances of confidentiality, limited our assessment…” Id. With only one dissenting vote by Commissioner Robert W. Loesher who was unduly protecting Native American gambling interests, the 1999 U.S. National
Gambling Impact Study Commission voted eight to one to subpoena information from the U.S. National Indian Gaming Commission in 1999. However, use of its subpoena power was thereafter deemed largely ineffectual by the Commission and was not pursued.

3. The Feeder Market Impacts of Tribal Casinos

The Final Report of the Congressional 1999 National Gambling Impact Study Commission called for a moratorium on the expansion of any type of gambling anywhere in the United States. Although tactfully worded, the National Gambling Commission also called for the re-criminalization of various types of gambling, particularly slot machines convenient to the public.

Some of the negative impacts of casinos and slot machines are detailed in the appendix to the article, Diminishing Or Negating The Multiplier Effect: The Transfer of Consumer Dollars to Legalized Gambling: Should A Negative Socio-Economic “Crime Multiplier” be Included in Gambling Cost/Benefit Analyses?, 2003 MICH. ST. DCL L. REV. 281-313 (lead article). The circle “feeder market” chart and sources documentation follow this written testimony.

The most authoritative and specific example involving tribal casinos is a 1995 Wisconsin report which concluded that “[w]ithout considering the social costs of compulsive [addicted] gambling, the ‘rest-of-the-state’ areas lose—or, transfer in-$223.94 million to the local gaming areas. Considering the lowest estimated social costs of problem gambling, the rest of … [Wisconsin] loses $318.61 million to gambling.” This report also concluded that without casino gambling, many local citizens would have increased participation in other “outside” activities. “More than 10% of the locals would spend more on groceries if it were not for the casino, while nearly one-fourth would spend more on clothes. Thirty-seven percent said that their savings had been reduced since the casino had opened…” WILLIAM THOMPSON, RICARDO GAZEL, & DAN RICKMAN, THE ECONOMIC IMPACT OF NATIVE AMERICAN GAMBLING IN WISCONSIN (Wis. Policy Res. Inst. 1995).

From the business perspective, businesses are not naïve. For example, “in a rare public stand on a controversial political issue, the Greater Washington Board of Trade’s 85-member board voted unanimously against” Mayor Sharon Pratt Kelly’s initiative to bring casino-style gambling to Washington, D.C. Liz Spayd & Yolanda Woodlee, Trade Board Rejects D.C. Casino Plan, WASH. POST, Sept, 25, 1993, at A1, A8. With the exception of the cluster services associated with gambling, new businesses tend not to locate in areas allowing legalized gambling because of one or more of the aforementioned costs. In areas saturated with legalized gambling activities, pre-existing businesses face added pressures that push them toward illiquidity and even bankruptcy.

4. Tribal Gambling Activities: The Issues Involving Market Saturation

In his classic book entitled Economics, Nobel-Prize laureate Paul Samuelson summarized the economics involved in gambling activities as follows: “There is … a substantial economic case to be made against gambling. First, it involves simply sterile transfers of money or goods between individuals, creating no new money or goods.
Although it creates no output, gambling does nevertheless absorb time and resources. When pursued beyond the limits of recreation, where the main purpose after all is to “kill” time, gambling subtracts from the national income. The second economic disadvantage of gambling is the fact that it tends to promote inequality and instability of incomes.” Paul A. Samuelson, Economics 245 (10th ed.). Furthermore, Professor Samuelson observed that “[j]ust as Malthus saw the law of diminishing returns as underlying his theory of population, so is the ‘law of diminishing marginal utility’ used by many economists to condemn professional gambling.” Id. at 425.

The concern of the legalized gambling interests over “market saturation” is largely a non-issue. From the governmental perspective, focusing on this issue misdirects the economic debate, because fears of market saturation are predicated upon the unwarranted assumption that legalized gambling operations constitute regional economic development—which they do not. In reality, legalized gambling operations consist primarily of a transfer of wealth from the many to the few—accompanied by the creation of new socio-economic negatives. It is well-established that the societal and economic costs to the taxpayers are $3 for every $1 in benefits.

These issues should first be examined from the strategic governmental perspective. In this context, the inherently parasitic manner in which legalized gambling activities must apparently collect consumer dollars to survive is frequently described as “cannibalism” of the pre-existing economy—including the pre-existing tourist industry. According to the skeptics of legalized gambling activities, this industry-specific phenomenon means that in comparison with most other industries, legalized gambling activities must a fortiori not only grow as rapidly as possible, but also grow as expansively as possible. John W. Kindt, Legalized Gambling Activities: The Issues Involving Market Saturation, 15 N. Ill. U. L. Rev. 271-306 (1995). See also John W. Kindt, The Negative Impacts of Legalized Gambling On Businesses 4 U. Miami Bus. L.J. 93-124 (1994) (lead article).

In California and Nevada: Subsidy, Monopoly, and Competitive Effects of Legalized Gambling, the California Governor’s Office of Planning and Research highlighted in December of 1992 “the enormous subsidy that Californians provide to Nevada through their gambling patronage” and concluded that “Nevada derives an enormous competitive advantage from its monopoly on legal gambling.” The report summarized that “[g]ambling by Californians pumps nearly $3.8 billion per year into Nevada, and probably adds about $8.8 billion—and 196,000 jobs—to the Nevada economy, counting the secondary employment it generates” and that this was “a direct transfer of income and wealth from California to Nevada every year.” Thus, the Nevada economy appears to constitute a classic example of a legalized gambling economy “parasitically” draining or “cannibalizing” another economy (primarily Southern California). Cal. Governor’s Off. Plan & Research, California and Nevada: Subsidy, Monopoly, and Competitive Effects of Legalized Gambling ES-1 (Dec. 1992).

The gambling interests argue that the dollars they take in are “entertainment dollars” or “recreational dollars.” This observation is valid with regard to approximately 35% of the “gambling dollars,” but it is invalid with regard to the remaining 65%. Opponents of legalized gambling argue that there are also differences because the entertainment dollars spent on a movie, for example, largely generate more movies, and
recreation dollars spent on a speedboat, for example, largely generate orders for more speedboats. Accordingly, while most entertainment or recreational dollars contribute to a positive multiplier effect legalized “gambling dollars” result in a net negative multiplier effect. This negative impact apparently occurs, in part, because approximately two-thirds of the gambling dollars are not recreationally-oriented, but are spent by a compulsive market segment reacting to an addictive activity—probable or possible pathological gambling—as delimited by the American Psychiatric Association. AM. PSYCHIATRIC ASS’N DIAGNOSTIC AND STATISTICAL MANUAL OF MENTAL DISORDERS, 615-18 § 312.31 (4th ed. 1994). Opponents also note that gambling dollars spent in a legalized gambling facility are usually reinvested in more gambling facilities—which just intensifies the socio-economic negatives associated with gambling activities and “reduces the national income” even further.

5. Are Tribal Games and Slots “Fair” to Patrons?


The Office of the Inspector General reported in 1993 to the U.S. Department of the Interior (DOI) that 32 percent of Native American gambling operations were being conducted in violation of federal statutes/regulations. OFFICE OF THE INSPECTOR GENERAL, U.S. DEP’T OF INTERIOR, AUDIT REPORT: ISSUES IMPACTING IMPLEMENTATION OF THE INDIAN GAMING REGULATORY ACT (1993). Thereafter, the National Indian Gaming Commission (NIGC) arguably suppressed numbers that indicated in November 1996 that 84 percent of Native American gambling facilities were openly operating illegally or in violation of federal statutes/regulations. NAT’L INDIAN GAMING COMM’N, REPORT TO THE SECRETARY OF THE INTERIOR ON COMPLIANCE WITH THE INDIAN GAMING REGULATORY ACT (Nov. 1996). Other reports suggested that there were more than just isolated instances of crime and corruption caused by Native American gambling activities.

Furthermore, the implicit goals of the 1988 Indian Gaming Regulatory Act (IGRA) to enhance the lives of all Native Americans were not being realized, as the large majority of Native Americans remained in grinding poverty as the 21st century began. See, e.g., U.S. GENERAL ACCOUNTING OFFICE, INDIAN PROGRAMS: TRIBAL PRIORITY ALLOCATIONS DO NOT TARGET THE NEEDIEST TRIBES 1 (1998). Accordingly, policymakers have suggested that future legislation should not disproportionately enrich isolated tribes. Instead, Native American gambling should operate for the benefit of all
Native Americans, if not all of the U.S. public. This could be achieved via federal administration of a Gambling Proceeds Trust Fund financed by Native American gambling operations while they are phased out to become educational and technological facilities.

In 2000 it was reported that “[d]espite an explosion of Indian gambling revenues-from $100 million in 1988 to $8.26 billion a decade later [1998]-an Associated Press [AP] computer analysis of federal unemployment, poverty and public-assistance records indicates the majority of American Indians have benefited little.” Between 1988 and 1998 “poverty and unemployment rates changed little,” as exemplified by the Fort Mojave Indian Reservation, where despite two casinos, the Native American “unemployment rate climbed from 27.2 percent in 1991 to 74.2 percent in 1997.” This development was attributed to the fact that “among the 130 tribes with casinos, a few near major population centers have thrived while most others make just enough to cover the bills.” In addition, any “new jobs [created by the Indian gambling facilities] have not reduced unemployment for Indians.” David Pace, Casino Boom a Bust for Most Members of Indian Tribes, NEWS-GAZETTE (Champaign, Ill.), Sept. 2, 2000, at A1.

According to the National Indian Gaming Association, the lack of net new jobs for Indians was because “75 percent of jobs in tribal casinos are held by non-Indians.” Unexpectedly, the 55 tribes with casinos before 1992 had their 1991 unemployment rate of 54 percent even increase somewhat to 54.4 percent by 1997. For an extensive investigative report highlighting the problems of Native American gambling activities, see Donald L. Bartlett & James B. Steele, Look Who’s Cashing In At Indian Casinos: Wheel of Misfortune, TIME, Dec. 14, 2002, at 44 (cover story).

These situations were exacerbated by illusory accounting standards that resulted in some tribal members with exorbitant wealth while most Native Americans remained disenfranchised. The tribes also claimed to have sovereign immunity from general federal statutes like those involving labor rules, sexual harassment, equal employment opportunity, and tortious acts. As reported in the Wall Street Journal and as most disconcerting to Congressional leaders were the indications involving alleged organized crime activities. The concerns among the U.S. Representatives were exemplified by Representative Chris Shays (R-Conn.) and Representative Frank Wolf (R-Va.) who highlighted these in a letter to President Clinton.
40 Economists Side Against More Gambling

The signers, mostly economics teachers at Nebraska colleges and universities, said, or might not have moral reasons for opposing the expansion of gambling in Nebraska, Dr. Fairchild said.

Two expanded-gambling petition issues have fallen short of the 98,936 valid signatures needed to get those measures on the Nov. 5 ballot in Nebraska. A federal judge has given the leads of both efforts until Oct. 8 to come up with evidence that too many signatures were invalidated by local election officials.

One issue, supported by Nebraska racetracks and horse owners, would permit opening casinos at or near the state's tracks. The second issue backed by federal judge pallor owners, would allow local voters to authorize slot machines and other electronic gambling at keno parlors.

The statement signed by the 40 economists reads: "We, the undersigned Nebraska economists, are opposed to the expansion of gambling in Nebraska.

Please turn to Page 5, Col. 1

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40 Economists Pan Expanded Gambling

The economists signed as individuals.

The statement did not list their employers. The signers in addition to the three coordinates:

UNL economics professors or associate professors: Craig MacPhie, David Rosenbaum, Ann Marie May, Roger Riefer, Jerry Petru and Benjamin Kim.

- UNL economics professor emeritus: Wallace C. Peterson.


- Bellevue University: Rudd W. Patton, associate professor of economics, and James R. Moore, instructor in economics.

- Nebraska Department of Economic Development: James Knaul, economist, and Kim Newsom, deputy economic development director.

- Doane College, Crete: Les Manner, assistant professor of finance and economics, and Mary Sue Carter, associate economics professor.

- Nebraska Wesleyan University: Joyce Greason, professor, and Clayton D. Feas, retired economics professor.

- Others: Rae Knaul, associate professor of management and marketing, University of Nebraska at Kearney; Mebahi Aftar, Chadron State College business department; William Snyder, professor of business, Peru State College; Mustahali Dural, economist at Wayne State College, Donna Duffey, business division head, College of St. Mary, Omaha; and Clinton A. Sexton Jr., Lincoln, and Joe Watkins, Grand Island, whose affiliations could not be determined.
Appendix: Business Economics of Licensed Organized Gambling

BEFORE
Non-Gambling Economy

Speed of Gambling

AFTER
Gambling Economy

Marijuana of Gambling
- Dog & Horse Tracks
- Lotteries

Crack Cocaine of Gambling
- Casinos, Video Machines, Internet (illegal)

35-Mile Feeder Market

10% Less Food
25% Less Clothes
37% Less Savings

1 Mile
CASINO

New Job = $1
New Tax Rev. = $1

Lost Jobs = -.1
Taxpayer Social Cost = $3
Crime = +50-100%
Business & Personal Bankruptcies = +18-42%
Drive-by Business = -65%

More Pathological Gamblers (Caused By)
More Legalization = (Acceptability Factor)
Spread of Gambling = (Accessibility Factor)

Adult Population Avg. 1-3%
Teen Population Avg. 2-6%

100 Miles Feeder Market


3. See supra note 1.

4. See supra note 2.


10. See supra note 9.

11. For the adolescent population, Dr. Durand Jacobs of the Loma Linda University Medical School was reporting 4% to 6%. See DURAND F. JACOBS, ILLEGAL AND UNDOCUMENTED: A REVIEW OF TEENAGE GAMBLING AND THE PLEIT OF CHILDREN OF PROBLEM GAMBLERS IN AMERICA, in COMPULSIVE GAMBLING: THEORY, RESEARCH, AND PRACTICE 249 (HOWARD J. SHAFFER ET AL. EDs., 1989).

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<tr>
<td>Crime</td>
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<td></td>
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<td></td>
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<tr>
<td>Apprehension and increased police costs</td>
<td>1788</td>
<td>44</td>
<td>71</td>
<td>1000</td>
<td>53</td>
<td>116</td>
<td>116</td>
<td>257</td>
<td>257</td>
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<tr>
<td>Adjudication (criminal and civil justice costs)</td>
<td>1234</td>
<td>994</td>
<td>27</td>
<td>649</td>
<td></td>
<td>476</td>
<td>676</td>
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<td>Incarceration and supervision costs</td>
<td>2828</td>
<td>15221</td>
<td>758</td>
<td>889</td>
<td>382</td>
<td>690</td>
<td>451</td>
<td>3065</td>
<td></td>
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<tr>
<td>Business and employment costs</td>
<td>11265</td>
<td></td>
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<tr>
<td>Lost productivity on job</td>
<td></td>
<td>2717</td>
<td>3436</td>
<td>5936</td>
<td>320</td>
<td>1082</td>
<td>2156</td>
<td>2913</td>
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<td>Lost time and unemployment</td>
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<td>Bankruptcy</td>
<td>515</td>
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<td>Suicide</td>
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<td>Illness</td>
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<td>Social service costs</td>
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<td>Therapy/treatment costs</td>
<td>437</td>
<td>114</td>
<td>75</td>
<td>396</td>
<td>30</td>
<td>83</td>
<td>189</td>
<td></td>
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<tr>
<td>Unemployment and other soc. svc. (incl. welfare and food stamps)</td>
<td>606</td>
<td>971</td>
<td>549</td>
<td>60</td>
<td>145</td>
<td>318</td>
<td>442</td>
<td></td>
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<tr>
<td>Government direct regulatory costs</td>
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<td>Family costs</td>
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<td>Divorce, separation</td>
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<td></td>
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<tr>
<td>Abused dollars</td>
<td>14354</td>
<td>3802</td>
<td>9519</td>
<td>240</td>
<td>3175</td>
<td>2436</td>
<td>3834</td>
<td>13586</td>
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TABLE 18  Net Economic Impact of Indian Casino Gambling in the Rest of Wisconsin

<table>
<thead>
<tr>
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<th>$ Millions</th>
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<td>Total Positive Economic Impact</td>
<td>339.56</td>
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<tr>
<td>Total Negative Economic Impact</td>
<td>-563.50</td>
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<tr>
<td>Net Economic Impact Before Social and Infrastructure Costs</td>
<td>-223.94</td>
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<tr>
<td>Low-Estimate Social Costs</td>
<td>94.67</td>
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<tr>
<td>Median-Estimate Social Costs</td>
<td>189.35</td>
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<tr>
<td>High-Estimate Social Costs</td>
<td>269.45</td>
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<tr>
<td>NET ECONOMIC IMPACT WITH LOW SOCIAL COSTS</td>
<td>-318.61</td>
</tr>
<tr>
<td>NET ECONOMIC IMPACT WITH MEDIAN SOCIAL COSTS</td>
<td>-413.29</td>
</tr>
<tr>
<td>NET ECONOMIC IMPACT WITH HIGH SOCIAL COSTS</td>
<td>-493.39</td>
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SOCIAL BENEFITS AND COSTS

Thus far in our analysis, we have limited our consideration to direct and indirect economic impacts, both positive and negative. These impacts are susceptible to precise measurements, given that the factual data are accurate. Of course, because of limited access to such factual data, we have had to use estimates based on the best reasonable assumptions we have available to us. Nonetheless, we can use the precision of specific-dollar figures for these impacts. When we attempt to assess the economic impact of social benefits and social costs that necessarily attend the introduction of the gambling enterprise into any economy, we delve into a world of imprecision. However, the fact that much doubt surrounds the financial dollars that should be attached to these costs and benefits should in no way be used to deny their existence and importance. We must address social benefits and costs and suggest how they may fit into the overall economic impact analysis that we are conducting.

Social benefits include the creation of a new work ethic among previously unemployed persons, a spirit of self-sufficiency among previously dependent peoples, a variety of new programs supported by revitalized tribal governments. These programs include housing, health, welfare, education, and economic development. On the negative side, the analysis must take note of criminal activity that may be generated by the presence of casinos and also the costs of gambling addictions that result from the existence of the casinos. Our analysis of most of these areas ends with a textual description of activities and problems. Because there have been many studies of problem gambling, we have attempted to assign dollar figures to this problem area (high, medium, and low range), and we believe that these figures should be juxtaposed with the economic-impact figures we have calculated because they reflect a real cost to society.

1. The benefits of investment and self-sufficiency

The greatest value that gaming provides may be found in the degree of independence it allows tribal governments to have. Economic-development programs instituted through government policies have inevitably required tribes to have all their financial decisions certified and ratified by Bureau of Indian Affairs personnel. These approvals denied opportunities for risk-taking and also for gaining expertise that comes with exercising financial responsibility. Gaming funds are more directly controlled by the tribes. A selective listing of many of the projects that have been funded with gaming revenues illustrates a marked growth in that expertise and the responsibility that will become a foundation for tribal self-sufficiency well into the future.

Table 1. Percentage of Expenditures by Problem Gamblers for Selected Forms of Gambling by State/Provinces

<table>
<thead>
<tr>
<th></th>
<th>Alberta</th>
<th>British Columbia</th>
<th>Nova Scotia</th>
<th>Washington</th>
<th>Louisiana</th>
<th>Iowa</th>
<th>New York</th>
<th>Average</th>
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</thead>
<tbody>
<tr>
<td>Bingo (%)</td>
<td>43.6</td>
<td>37.3</td>
<td>N/A</td>
<td>44.6</td>
<td>N/A</td>
<td>N/A</td>
<td>39.5</td>
<td>39</td>
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<tr>
<td>Lotto (%)</td>
<td>11.3 lotto; 19.3 instant</td>
<td>11.9 lotto; 14.3 scratch instant</td>
<td>N/A</td>
<td>24.2 daily game scratch</td>
<td>17.6 all lotto games scratch</td>
<td>N/A</td>
<td>24.4 instant quick draw</td>
<td>21.9 lotto; 36 instant-scratch</td>
</tr>
<tr>
<td>Casino (%)</td>
<td>37.2 local; 34.4 card/game</td>
<td>26.7 resort; 33.1 table card/game</td>
<td>N/A</td>
<td>48.7</td>
<td>55.0 card/game</td>
<td>N/A</td>
<td>38.4 table</td>
<td>41.4</td>
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<td>Slots (%)</td>
<td>N/A</td>
<td>19.0</td>
<td>N/A</td>
<td>8.9</td>
<td>N/A</td>
<td>N/A</td>
<td>16.1</td>
<td>N/A</td>
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<td>Video machine (%)</td>
<td>46.9</td>
<td>N/A</td>
<td>N/A</td>
<td>59.8</td>
<td>N/A</td>
<td>N/A</td>
<td>37.8</td>
<td>N/A</td>
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<tr>
<td>Horses (%)</td>
<td>54.2 on and off track</td>
<td>N/A</td>
<td>N/A</td>
<td>25.9</td>
<td>52.7 on-track</td>
<td>N/A</td>
<td>48.4</td>
<td>50.0</td>
</tr>
<tr>
<td>Sports (%)</td>
<td>19.0 friends/track</td>
<td>N/A</td>
<td>N/A</td>
<td>21.7 sports; 19.7 friends/track</td>
<td>N/A</td>
<td>18.9 pools; 82.7 bookies</td>
<td>62.6</td>
<td>43.9</td>
</tr>
<tr>
<td>Pull tabs (%)</td>
<td>N/A</td>
<td>20.9</td>
<td>N/A</td>
<td>15.2 pools</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Raffles (%)</td>
<td>N/A</td>
<td>11.1</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>All (%)</td>
<td>32.3</td>
<td>22.6</td>
<td>26.4</td>
<td>24.7</td>
<td>41.2</td>
<td>26.8</td>
<td>39.1</td>
<td>48.8</td>
</tr>
</tbody>
</table>


N/A, not applicable.

Added notes of Professor Lesieur:
Pathological gamblers spend an inordinate amount of money on gambling compared to others who gamble (Lesieur, 1998). For example, problem video lottery players in Nova Scotia account for 4% of those who play, yet contribute 53% of net revenue for video lottery playing (Focal Research, 1998). The Australian Productivity Commission (1999) estimated that problem gamblers account for 5.7% of money spent on lottery play, 10.7% of casino table game play, 19% of scratch ticket sales, 33% of wagering on horses and dogs, and 42% of money spent on gaming machine play. Overall, problem gamblers expend 33% of all money spent on gambling in Australia.


Table A4**. Bankruptcy Costs**—Costs of 1.5 Million New Pathological Gamblers¹ 1994–1997

<table>
<thead>
<tr>
<th>Socio-economic costs category</th>
<th>Average cost</th>
<th>Average cost (adjusted² to current $)**</th>
<th>Population creating new problem</th>
<th>Total new costs** (1998)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 20% (SMR research)¹</td>
<td>$29,630 (1997)</td>
<td>$29,630</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23% (Wis., Thompson)⁵</td>
<td>$505–$1000 (1997)</td>
<td>$505–$1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28% (Quebec)⁶</td>
<td>$418–$837 (1997)</td>
<td>$418–$837</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Costs per bankruptcy⁷ (SMR) (WEFA: $33,308)⁸
Legal costs⁹               | $505–$1000 (1997) | $505–$1000 |                            |                          |
Court costs⁹               | $418–$837 (1997) | $418–$837 |                            |                          |
Admin. costs⁹ (Thompson: 'too low') | $100 ? (1995) | $100 ? |                            |                          |
>10% (projected to 15%) of total bankruptcy costs¹⁰ of $40 billion per year¹² and 1.35 million filings¹¹ per year
Pathological gamblers = 75% of total gambling/bankruptcy problem¹²
Problem gamblers = 25% of total gambling/bankruptcy problem¹²

**Note:** Usually ignored by bankruptcy attorneys, it was historically required that anyone filing for bankruptcy indicate money and assets lost because of gambling during the year, including 'dates, names, and places, and the amounts of money . . . lost'.

² Footnotes at end of this article.
³ Numbers may easily be adjusted to current dollars by visiting the 'Consumer Price Index (All Urban Consumers)' of the U.S. Bureau of Labor Statistics at http://stats.bls.gov/ and utilizing the following formula example:

\[
\text{New Year} \times \frac{\text{CPI Current Year}}{\text{CPI Former Year}} = \text{New Cost}
\]

Example:

\[
\frac{4000000 \times 166.6 (1999)}{99.6 (1983)} = 6690763 (1999)
\]

Table A5**. Bankruptcy Costs**—Costs of 3.5 Million New Problem Gamblers¹ 1994–1997

<table>
<thead>
<tr>
<th>Socio-economic costs category</th>
<th>Average cost</th>
<th>Average cost (adjusted² to current $)**</th>
<th>Population creating new problem</th>
<th>Total new costs** (1998)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31% filed bankruptcies³ (10% Kindt Conservative No.)⁹</td>
<td>$40,066 (1995)</td>
<td>$40,066</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Costs per bankruptcy⁷ (SMR) (WEFA: $33,308)⁸ | $29,630 (1997) | $29,630 |                            |                          |
Legal costs⁹               | $505–$1000 (1997) | $505–$1000 |                            |                          |
Court costs⁹               | $418–$837 (1997) | $418–$837 |                            |                          |
Admin. costs⁹ (Thompson: 'too low') | $100 ? (1995) | $100 ? |                            |                          |
>10% (projected to 15%) of total bankruptcy costs¹⁰ of $40 billion per year¹² and 1.35 million filings¹¹ per year
Pathological gamblers = 75% of total gambling/bankruptcy problem¹²
Problem gamblers = 25% of total gambling/bankruptcy problem¹²

**Note:** Usually ignored by bankruptcy attorneys, it was historically required that anyone filing for bankruptcy indicate money and assets lost because of gambling during the year, including 'dates, names, and places, and the amounts of money . . . lost'.

² Footnotes at end of this article.
³ Numbers may easily be adjusted to current dollars by visiting the 'Consumer Price Index (All Urban Consumers)' of the U.S. Bureau of Labor Statistics at http://stats.bls.gov/ and utilizing the following formula example:

\[
\text{New Year} \times \frac{\text{CPI Current Year}}{\text{CPI Former Year}} = \text{New Cost}
\]

Example:

\[
\frac{4000000 \times 166.6 (1999)}{99.6 (1983)} = 6690763 (1999)
\]

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