

February 2003

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## The wheel of misfortune

*The funny thing about the battle over expansion of gambling is that those waging it most aggressively think there are only two sides: The Indian side and the non-Indian side. For them, gambling is a given, and its expansion is inevitable. The only unresolved issue is who gets what.*

--Peter Callaghan; The News Tribune 12/15/02

Expanded gambling is being hyped as the end-all for the more than two-thirds of states currently experiencing serious budget shortfalls. Promoters say that commercial gambling is a non-polluting “industry” that brings benefits to local communities through tourism and job creation, while providing a windfall of new tax revenues to cash-strapped states.

But, Gig Harbor Councilwoman Marilyn Owell and other leaders in more than 50 communities in our state that have banned gambling establishments disagree.

Owell says in order for gambling to benefit a local community, a gambling establishment has to be a “destination” so that at least 50 percent of the gamblers come from outside the area. This does two things: It imports money, but exports the social costs. Also, the gambling facility must significantly improve the local employment picture. This means gambling can’t be limited to just machines. It must spin off other industries in order to provide a well-diversified work force and economy.

“The term ‘convenience gambling’ applies,” says Owell, “when the primary patrons are local residents—those living 50 miles or less from the establishment. As local spending shifts to games of chance, nearby businesses suffer.” Counties that have casinos have a bankruptcy filing rate 14 percent higher than counties without casinos. Counties with five or more casinos have a filing rate 29 percent higher than counties without casinos. <sup>1</sup>

In 1990, the Illinois state legislature approved riverboat casinos to “promote economic development and tourism.” But a study six years later by the Chicago Better Government Association concluded that the riverboats failed to create new tourism. Instead, the study revealed that 84 percent of gamblers were from in-state, and 85 percent of them, were “convenience gamblers.” Less than 3 percent of the riverboat gamblers stayed in the area for a full day, and only 3 percent of out-of-state players spent money outside the casino. <sup>2</sup>

In the area of job creation, even where tribal gambling is concerned, no one should be bragging. According to *Time Magazine* (12/16/02), half of the 1.52 million American Indians and Native Alaskans living on or near reservations are unemployed. Another 33 percent are employed but live below the poverty line. So much for family-wage jobs.

Twenty years ago, commercial gambling casinos were prohibited in every state except Nevada and New Jersey. Now, every state but two has some form of legal wagering. Interestingly, the two “destination” gambling states have severe financial problems, but the two holdout states are doing fine. Nevada Governor Kenny Guinn says his state’s “existing tax sources are not keeping up with the needs associated with the state’s growth.” <sup>3</sup>

As for the Garden State, New Jersey is facing the largest budget deficit in its history.

Utah and Hawaii, the two non-gambling states, are bucking the trends of their gambling neighbors. Utah has consistently been the number one job creation state and number two in personal income growth, while Hawaii is the only state with tax cuts currently on the table.

So, if gambling isn't attracting substantial tourist dollars except in Las Vegas (which has 40,000 more hotel rooms than New York City), and doesn't necessarily benefit the local economy, and hasn't staved off budget deficits, who is it good for?

Paul Simon, former US Senator from Illinois suggests that gambling is good for organized crime. Testifying before the National Gambling Impact Study Commission, Senator Simon stated that gambling "has more of a history of corruption than any other industry."<sup>4</sup>

In Youngstown, an alleged mob boss recently put \$10,000 or more in the election coffer of the Mahoning County Sheriff to protect his illegal gambling operation. In Florida, ex-House Speaker Bo Johnson was charged with multiple counts of extortion and bribery. Maryland's Senate Majority Leader was offered a \$10,000 bribe to vote for a slot machine bill, and another colleague was offered \$5,000 in cash in an envelope outside the Senate chamber.

Nineteen Arizona legislators and lobbyists were caught on videotape exchanging cash for promised votes on gambling bills, and Missouri's recent House Speaker was forced to resign after federal investigators charged him with demanding \$16 million from a gambling group for a casino license. Also, barely a decade after 17 South Carolina lawmakers were convicted or pled guilty to criminal charges related to gambling, U.S. Attorney Robert Meyer says there is a new core group of legislators in that state playing with the same fire. One of them was recently caught on tape.

In Kentucky, 15 state legislators were convicted or plea-bargained charges of bribery in horse racing deals, and ex-Louisiana Governor Edwin Edwards was convicted in May, 2000 of extorting hundreds-of-thousands-of-dollars from businessmen applying for riverboat casino licenses.

In 1971, indictments were issued against 51 police officers and public officials in King County, alleging gambling payoffs. In 1979, three top Pierce County officials were indicted for corruption related to tavern, liquor, and gambling. And, in 1980, House Speaker John Bagnariol, and Senate Majority Leader Gordon Walgren, were videotaped in a federal sting which uncovered mob plans to introduce casino-style gambling to our state. They went to prison for racketeering and mail fraud.

Make no mistake. The gambling industry is still hanging around Olympia with pockets full of cash. Plenty of it was "contributed" to candidates during the recent elections. If you don't know where your representatives stand on the issue of expanded gambling—it's time to ask.

As Christians, we should also evaluate our own attitudes about recreational gambling—including lotteries and bingo. Financial advisor Larry Burkett says, "We pass our value system along to those around us. . . . If our value system is no better than the world's in which we live, then truly we have been conformed to the image of this world."

*Rick Forcier*

Executive Director

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<sup>1</sup> *Bankruptcy & Gambling*, SMR Research Corp. report, Chap. VI, Aug. 2001, p. 206

<sup>2</sup> *Economic impact of a casino on surrounding region*, Glenn O. Thompson, Stand Up For Kansas, 2/2002

<sup>3</sup> *Las Vegas Review Journal*, 1/25/2003

<sup>4</sup> *Gambling and Political Corruption*, Dr. Guy C. Clark, Chairman NCALG/NCAGE.