

Gambling's Bill of Goods

Betting expansion poses risk to players, nation

BY JOHN W. KENNEDY

Revenue-hungry state governments as well as financially strapped individuals are hooked on gambling as never before. But some watchdogs warn the increasing reliance upon casinos and other means to wager could lead to a nationwide economic and spiritual collapse.

Various state legislatures, stung by a drop in tax revenues during the recent four-year financial downturn, have passed bills to legalize gambling, eyeing it as a panacea to finance everything from education to law enforcement.

Subsequently, gambling opportunities abound in unprecedented ubiquity. Only nine states now have no casino gambling, while just seven are without a lottery. Expansion efforts are proceeding in a number of states, along with a drive to legalize online wagering. Legislatures are stripping out gambling prohibitions that had been enacted in state constitutions more than a century ago.

Yet California and

Illinois, which long have touted gambling as a sensible public revenue source, are the two states that ran the highest budget shortfalls in fiscal 2011-12.

Les Bernal, executive director of Stop Predatory Gambling in Washington, D.C., labels the whole government-business relationship as collusion. States — which are supposed to protect citizens — are instead in the position of promoting a sometimes-pathological behavior.

“It’s a failed government policy

Pennsylvania had no gambling in 2004, but now is the biggest wagering state east of Nevada, including this casino in Pittsburgh.

that is based on creating addiction and profiting from addiction, and in the process pushing citizens into deeper personal debt,” Bernal says. “Casinos and lotteries exist only because of a partnership with government.”

Bernal notes there is little public scrutiny of gambling because states have a vested interest. “When government promotes predatory gambling, it becomes ‘the house,’” he says, referring to the self-described identity of gambling institutions.

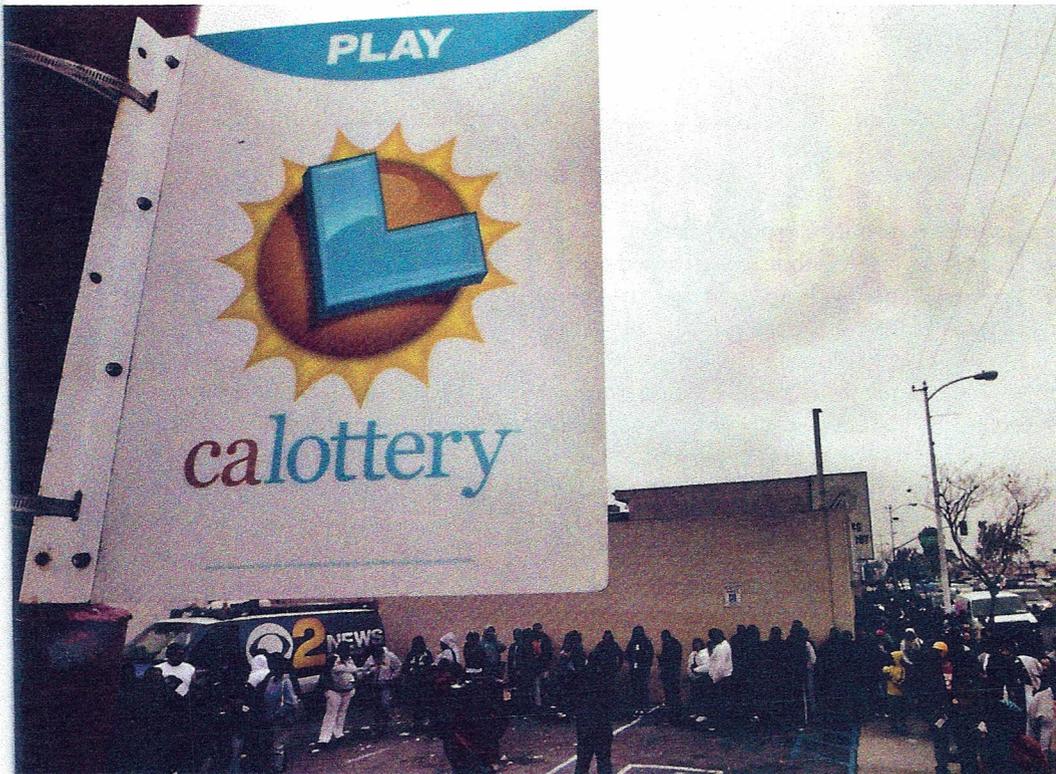
“The gambling industry is preying on the naiveté of the public and spending billions of dollars in public relations marketing, usually at taxpayer expense,” says

University of Illinois business administration professor John Warren Kindt. “But you can’t gamble your way to prosperity.”

Cheryl Schmit, director of Stand Up for California, a grassroots group focused on gambling issues, says potential customers are being



AP



Despite odds of winning at 1 in 176 million, lottery ticket buyers line up outside a Hawthorne, Calif., liquor store in March hoping to buy a winning ticket for a \$656 million Mega Millions jackpot involving sales in 43 states.

sold lies about how the presence of gambling operations spurs job growth.

“Where is the economic boom?” Schmit asks. She notes the California government receives only \$360 million annually collected in regulatory costs from the \$7.2 billion in revenues generated by 67 tribal gambling facilities.

The U.S. Supreme Court recently ruled that the Golden State couldn’t be a part of revenue sharing in off-reservation casinos because that would amount to an illegal tax. Casinos on sovereign tribal land are exempt from federal, state and local taxes.

California still is in desperate financial straits, despite the presence of tribal casinos, off-reservation casinos, a state lottery, charitable bingo, raffles, horse racing, card clubs and off-track betting parlors.

INTERNET THREAT

In the near future, Bernal foresees a push to lure youth

into gambling via the Internet. Last year, the Justice Department issued an opinion reversing restrictions that have kept online betting illegal. A letter from the department’s Office of Legal Counsel indicated that a 1961 law restricting gambling across state lines applies only in regard to sporting contests. Currently, legal online betting is limited to offshore sites.

“The government is trying to open a casino on every computer and handheld phone in the country,” Bernal says. “They are trying to turn every home, office and dorm room into a casino, 24 hours a day, seven days a week.”

“We will have electronic gambling in every living room, at every school desk, at every work desk and on every mobile phone,” Kindt concurs.

If Internet gambling is permitted to exist, Kindt warns, there will be another speculative bubble spawning a worse economic collapse than the one starting in 2007.

“It is irresponsible for the federal government, as well as state legislatures, to be running after a pot of gold at the end of the rainbow,” Kindt says. “It’s going to take us all down again.”

Schmit says the Justice Department’s ruling has opened the door for individual states to offer intrastate Internet gambling. Nevada gambling businesses are pushing for a national expansion of Internet gambling to broaden their customer base, Schmit says.

A March poll commissioned by an Atlantic City, N.J., gambling think tank found that nearly 1 in 4 people under age 30 wants to gamble online.

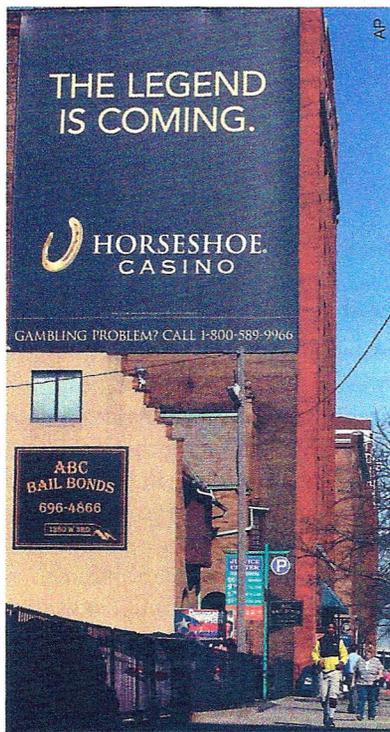
Ken Darnell of Gambling Exposed in Crestwood, Ill., says the notion of the government advocating Internet gambling exposes teenagers to a new set of evils.

“Is it right for our government to live parasitically off the most vulnerable of our citizens?” Darnell asks. “According to the U.S. Constitution, the government is supposed to be a protector of its citizens, not a predator.”

Schmit says another increased gambling risk involves tribes and gambling investors pushing Congress to modify a 2009 U.S. Supreme Court ruling. The Indian Gaming Regulatory Act, passed in 1988, allowed Native American tribes a limited exception to “reservation shopping” on lands outside their domain. The Supreme Court ruling three years ago curtailed the authority of the

secretary of the interior to acquire lands for tribes not under federal jurisdiction in 1934.

In the wake of gambling expansion, multiple tribes, spurred on by gambling investors, have sought to organize efforts to cash in on the possibility of erecting casinos on land with which they



A casino advertisement in Cleveland suggests it will relieve the financially troubled neighborhood.

have no modern or historical connection. Many tribes, in conjunction with gambling investors, are seeking to give the secretary of the interior unfettered administrative discretion to take land into trust, which Schmit says will expand Indian gambling on a national scale.

SOCIAL COSTS

While lawmakers posit that gambling helps replenish depleted state coffers, Bernal says that business model is predicated on

profiting from addiction.

“A public policy based on people losing money is not going to benefit the public,” Bernal says. “More than half the gambling profits in casinos come from people who are problem gamblers.”

Kindt points out that reform-minded lawmakers, at both the federal and state level, wiped out gambling in this country by the late 19th century.

“People knew instinctively that gambling created new addictive gamblers, new bankruptcies and new crime,” Kindt says. “They wanted to make it as difficult as possible for future generations to make these mistakes again.”

But Nevada legalized casino gambling in 1931, and New Hampshire introduced the first modern state lottery in 1964.

Darnell observes that betting since then has spread to dog and horse tracks, off-track betting parlors, riverboat and land-based casinos, and in-store video machines.

“To legalize Internet gambling would be the final death blow to the moral and economic fabric of our country,” Darnell says. “Each progression is more socially and economically destructive, more highly addictive, and more accessible.”

Casinos often are built in areas with high poverty and unemployment rates, attempting to lure those who can least afford to part with money. Kindt notes that gamblers spend less on food and clothing, file bankruptcy more often, and resort to embezzlement and violent crimes with greater frequency than the general population.

CHURCH ROLE

Individual Christians often feel overwhelmed — or disinterested

— at the prospect of taking on powerful gambling interests. In fact, rather than fight, some Christians would rather participate.

“The temptation is quite enticing because the casinos make it look fun and exciting,” says Charles Mattix III, pastor of Crossroads Assembly in Barstow, Calif. “People gravitate toward the possibility of winning large.”

For most of his 11 years as pastor in Barstow, Mattix has been vocally opposing repeated and persistent efforts by local officials — in cahoots with gambling interests — to bring a casino to the city of 22,639. So far, Mattix and other pastors comprising the Barstow Christian Ministerial Alliance have been instrumental in staving off the proposals.

“A lot of what we do is to educate people about the pitfalls of gambling,” Mattix says. “Gambling leads to a lot of family problems.”

Over the years, Mattix has done his part to prevent the Los Coyotes of the Cahuilla tribe from constructing a casino amid the cactus and sagebrush on the outskirts of the Mohave Desert city. He has lobbied in the nation’s capital, spoken at city council meetings, encouraged residents to sign petitions, formed ad-hoc community groups, and preached sermons on the evils of gambling.

“Christians have every right to take a stand,” Mattix says. “People can be easily duped into believing the lies that gambling will result in better streets, additional parks and more public services.” **e**

JOHN W. KENNEDY is news editor of the *Pentecostal Evangel*.

Email your comments to pe@ag.org.

NOT BY MIGHT NOR BY POWER, BUT BY MY SPIRIT, SAYS THE LORD

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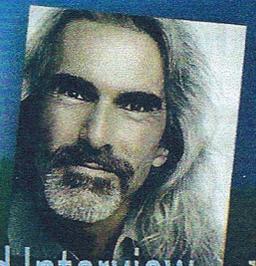
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