

An assessment of pathological or problem gambling, including its impact on individuals, families, businesses, social institutions, and the economy;

An assessment of the impact of gambling on individuals, families, businesses, social institutions, and the economy generally, including the role of advertising in promoting gambling and the impact of gambling in depressed economic areas;

An assessment of the extent to which gambling provides revenues to state, local, and Native American tribal governments, and the extent to which possible alternative revenue sources may exist for such governments; and

An assessment of the interstate and international effects of gambling by electronic means, including the use of interactive technologies and the Internet.

The NGISC officially began its 2-year study on June 20, 1997. A research agenda based on 42 specific policy questions was unanimously adopted in October 1997, and major research tasks were contracted. A key research task was a National Survey of Gambling Behavior, the first since 1976. At the Commission's request, approximately \$2.5 million of research on gambling was conducted. (Copies of all research reports are available in CD form to be distributed with the *Final Report*.)

In addition to their regularly scheduled meetings, the Commission also conducted site visits in Atlantic City, Boston, Chicago, San Diego, Tempe, Biloxi, New Orleans, and Las Vegas. The Commission listened to presentations on gambling from the federal, state, and local perspectives. It met with experts on state lotteries, casinos, pari-mutuel gambling, sports wagering, and many other forms of gambling. It heard from mayors, senators, city council members, police officers, hotel union representatives, gambling commissioners, problem

gambling treatment counselors, and others. The Commission toured the Atlantic City boardwalk and interviewed casino and non-casino vendors. It was briefed by leading researchers on pathological gambling by youth and adults. The Commission also visited two Native American casinos and heard testimony from the representatives of more than 50 Indian nations. And in a live demonstration of interactive technology, they learned of the most current Internet gambling practices and their law enforcement implications. Finally, the Commissioners heard passionate testimonies from individuals whose lives had been affected dramatically, both positively and negatively, by the gambling industry. (Individuals who provided testimony to the NGISC are listed in the Acknowledgments Appendix of the *Final Report*.)

From the outset, the Commissioners saw their primary obligation as a civic one: to carry out a fair and objective review of the gambling industry's economic and social impacts. Second, the Commissioners felt that the facts of the mandated research reports should stand on their own merit and that the public's right to draw its own conclusions should be preserved. Third, despite a range of perspectives among Commissioners on how the gambling industry might best evolve over the next quarter century, all members of the Commission agreed that every sector of the industry must remain bound by fair and honest practices, including truth in advertising, accurate disclosure of odds, reliable machines, guaranteed payments to winners, training of employees, responsible use of credit availability, and corporate accountability.

MAJOR ISSUES IN GAMBLING TODAY

The following section of the *Executive Summary* presents overviews of each of the key chapters of the *Final Report*. Major issues within the current public debate on gambling were introduced. For a complete understanding of gambling's complex issues, readers are referred to the Commission's full *Final Report*. Clearly, each of the many discrete segments of the industry—"destination" casinos, riverboat casinos, Indian casinos, lotteries, pari-mutuels, "convenience" gambling, sports wagering, keno, charitable gambling, and Internet gambling—has its own distinct set of issues, communities of interests, and balance sheets of assets and liabilities.

Regulating Gambling

Most citizens agree that the gambling industry needs to be regulated. Simply allowing market forces to guide the growth and direction of gambling is seen as a dangerous course of action. Most people also agree that the government is best suited to protecting the integrity of gambling games, including keeping organized crime out of gambling and limiting the number of gambling sites. The key question is not whether the government should regulate gambling but, rather, to what extent are individual states succeeding in their attempts to regulate various forms of gambling and are the “best practices” being shared and adopted by others?

Gambling is regulated primarily at the state level. Such regulation is generally in the hands of an appointed independent body, sometimes called a “gambling commission” or “lottery board.” Most state statutes specify the qualifications of the members, their powers, the scope of their oversight, and regulations to be administered. In general, gambling regulation is designed to protect people’s income, to preserve the quality of life for the community, to keep the games honest, and to ensure that citizens are free from criminal activities. It usually involves licensing of gambling, standards for licensing, public accessibility, operation of devices and facilities, use of funds, and protection of employees. Some states also incorporate a statement of the need for strict regulation as a matter of public policy for the public good.

Government-sponsored gambling includes both state lotteries and tribal government gambling. (The latter is discussed in the section below under “Native American Gambling.”) Lottery states are free to determine for themselves what the administrative oversight for their lotteries will be. Currently, 14 of the 38 government-sponsored lotteries have placed their operations within the existing administrative structure of the state. In the remaining 24 jurisdictions, states have established a separate agency bound by rules different from the rest of the state government. In some of these jurisdictions, the lottery is an independent, quasi-public entity, not bound by the states’ civil service requirements or their rules for procedure. And in some cases, this independence allows the lotteries to operate more like independent businesses, with some of them choosing to conduct full-blown, glitzy advertising campaigns. Clearly, as lottery activities have continued to expand over the past two

decades, the line between the state as regulator and the state as gambling franchise has grown increasingly nebulous. Indeed, those states running their own lotteries may be subject to a conflict of interest between the desire to maximize revenue and the need to promote the public good. The NGISC views this conflict as a key issue to be resolved by policymakers.

Lotteries have become as much a part of the American scene as apple pie—and they are marketed as just as benign and wholesome. State governments—free of the advertising constraints imposed on commercial gambling—use many forms of media to tout ever-larger jackpots and to celebrate successful gamblers. The beneficial effects of the proceeds from lotteries are similarly oversold. The truth about lotteries receives scant attention from most governors and state legislators. Lotteries, in fact, are highly regressive sources of revenue. Players with household incomes under \$10,000 bet nearly three times as much on lotteries as those with incomes over \$50,000. And although half the adult population plays the lottery in any given year, the degree of involvement is highly heterogeneous. Among those who played in the last year, the top 5 percent of players accounted for 51 percent of total sales.⁵ Moreover, the states' pay-out to players represents the smallest "win" percentage of any major legal form of betting. And, since money is fungible and regular taxes are unpopular, research indicates that lotteries fall far short of their promise of extra spending for desirable programs. Close studies of spending in such areas as education and senior citizens' programs suggest no increase due to the existence of lotteries.

Like government-sponsored gambling, commercial gambling—including casino, convenience, pari-mutuel, and sports wagering—is also subject to regulation. Casino gambling, in fact, is the most highly regulated component of the industry. Each state gambling commission is authorized to investigate the operation of the casinos in that state, including the employee work conditions, the conditions for gambling, the amount of money generated, the legal disposition of the money, and proper payment of relevant taxes. State gambling commissions operate under the presumption that ownership of casinos and management of gambling operations will be conducted by those suitable for licensure or other involvement. Regulators usually are authorized to conduct background checks and routine oversight of gambling

⁵Charles T. Clotfelter and Philip J. Cook, *State Lotteries at the Turn of the Century: Report to the National Gambling Impact Study Commission*, April 1, 1999.

establishment operations. In addition, a state regulatory authority may extend to oversight of suppliers, distributors, and others who are involved with gambling enterprises. In Nevada, the State Gaming Commission plays an important role in every aspect of legalized gambling, and many states have used Nevada's regulatory structure as a model.

The regulation of "convenience" gambling—primarily an "electronic device form" of wagering that ranges from slot machines and video keno to video poker—has proven difficult. Such regulation involves licensing, regulation of the placement of machines within an establishment, age restrictions, regulation of operations, and taxation of revenues. Most convenience gambling machines, however, are not located in concentrated spaces, as is the case with casinos. Instead, convenience gambling occurs in locations that exist primarily for other purposes, such as markets, gas stations, truck stops, bars, taverns, and even arcades frequented by adolescents, and there appears to be a gross under-reporting of machines by the owners of many such establishments. In addition, illegal and quasi-legal EGD's offering a similar if not identical gambling experience to legal EGD's are widespread in the bars and fraternal organizations of many states, including West Virginia, New Jersey, Alabama, Illinois, and Texas.

Sports gambling is legal in two states: Nevada, through casino sports books, and Oregon, through a state lottery game based on games played in the National Football League. Although sports wagering is generally illegal, it is nevertheless popular. Clearly, it is important to distinguish between a sports bet between two friends and sports wagering conducted as a business, as in the case of recent attempts to take office pool betting onto the World Wide Web. The NGISC believes that when wagering is used to alter the outcomes of games or when it threatens the integrity of sports or becomes an illegal business, it should be prosecuted to the fullest extent of the law.

A central debate within gambling regulation concerns advertising. On one side of the debate, the American Association of Advertising Agencies is arguing that in as much as gambling advertising is commercial speech, it is protected by the First Amendment. Nevertheless, the Clinton Administration is standing by a federal ban on commercial gambling advertising, citing studies which indicate that gambling advertising contributes to compulsive gambling. In addition, the NGISC was very troubled by the recent upsurge in state lotteries that have

adopted the sophisticated promotional tools of commercial marketing. In 1997 alone, state lotteries spent \$400 million on advertising campaigns, some of which targeted people in impoverished neighborhoods.

Problem and Pathological Gambling

Today, the vast majority of Americans either gamble recreationally and experience no measurable side effects related to their gambling, or they choose not to gamble at all. Regrettably, some of them gamble in ways that harm themselves, their families, and their communities. The more that Americans are presented with opportunities to gamble, the more concern there is about problem and pathological gambling. While the prevalence and causes of problem and pathological gambling are not well understood, it is clear that millions of individuals fall into these categories. For whatever reason, they cannot control their urge to gamble, despite often horrific consequences. Commission members were frequently moved by the many testimonies from compulsive gamblers. They shared heart-wrenching personal stories of the social, legal, and financial damage they brought upon themselves and their families. Problem and pathological gambling affects not only the problem or pathological gambler and his or her family but also broader society. Such costs include unemployment benefits, welfare benefits, physical and mental health problems, theft, embezzlement, bankruptcy, suicide, domestic violence, and child abuse and neglect.

Unfortunately, public awareness of pathological gambling is a relatively new phenomenon. Only in recent years has the medical community's attention been drawn to the investigation and diagnosis of this problem. Furthermore, treatment programs for problem and pathological gambling are in their infancy.

Despite its impact on millions of Americans, including young people, very little research exists on pathological gambling. In response, the NGISC funded top research organizations to gather evidence on gambling and addictive behavior. One organization, the National Opinion Research Center (NORC) at the University of Chicago, was hired to collect new information on gambling behavior. They interviewed 2,417 adults via telephone, 530 adults in gambling facilities, and 534 adolescents via telephone. NORC collected information from 100 communities, contrasting those near gambling facilities with those

far away. Additionally, NORC conducted case studies in 10 of these communities in which they interviewed 7 or 8 community leaders regarding their perceptions. Another organization, the National Research Council (NRC) of the National Academy of Sciences, conducted a review of the available literature, which covered 4,000 gambling-related references, including 1,600 related specifically to problem or pathological gambling. Taken together, the NORC and NRC studies provide more hard research data and general information on pathological gambling than have ever before been available.

The greatest challenge in crafting a set of recommendations in response to the issue of pathological gambling concerns the debate on the precise definition and prevalence of the problem. There are many differences of opinion. The American Psychiatric Association (APA), considered an authoritative source on mental problems, has attempted to bring order to the labeling of gambling behaviors by creating diagnostic criteria for pathological gambling. APA describes pathological gambling as “persistent and recurrent maladaptive gambling behavior that disrupts personal, family, or vocational pursuits. The gambling pattern may be regular or episodic, and the course of the disorder is typically chronic.” With regard to pinpointing problem and pathological gambling prevalence, the core of the confusion stems from the timeline used in various studies. Such timelines range from “lifetime” to “past-year” measures. On the one hand, lifetime estimates run the risk of overestimating the problem and/or pathological behavior, because those estimates will include people who have gone into recovery and who no longer manifest the symptoms. On the other hand, past-year measures may underestimate the problem, because this number can include people who continue to manifest pathological gambling behaviors but who may not have met the APA diagnostic criteria within the past year. As a result, problem and pathological gambling estimates in 17 states where surveys have been conducted range from 1.7 all the way up to 7.3 percent of adults.

Perhaps most troubling to the NGISC was the challenge of estimating the costs involved in problem gambling. Clearly, the extent of personal consequences on the pathological gambler and his or her family may be severe, including domestic violence, child abuse, and financial hardships. The NORC study estimated that problem and pathological gamblers account for 15 xpercent of the dollars lost gam-

bling. But beyond dollar amounts, how does one quantify a divorce, a loss of life savings, or worse, a gambling-induced suicide?

Despite their differences on the definition of pathological gambling, its prevalence, and its costs, the members of the NGISC were unanimous in their conclusion that a serious pathological gambling problem exists and that it must be addressed aggressively by policymakers at all levels. Current responses to the problem include efforts by the National Council on Problem Gambling and ongoing research at various universities. Perhaps surprising to some, the largest source of funding for research on problem and pathological gambling is the commercial casino industry. In addition, the pari-mutuel industry, as well as several states and tribal governments, has made contributions to gambling treatment programs and other organizations that deal with mental health issues and addiction.

The NGISC stands firm in its conviction that further research on problem and pathological gambling must be conducted and it is important to aggressively seek to prevent and treat these disorders. Finally, the Commission believes that a major portion of the responsibility for addressing the problem of pathological gambling must be borne by the states that sponsor gambling.

Native American Tribal Gambling

The NGISC established a Subcommittee on Indian Gambling to supplement the full Commission's work in this area. Six formal hearings were held around the country and with the assistance of the National Indian Gaming Association (NIGA), the Subcommittee received testimony from 100 tribal members representing more than 50 tribes across the nation.

Large-scale Indian casino gambling is barely a decade old. Its origins trace back to 1987, when a landmark Supreme Court decision, in effect, limited the ability of the states to regulate commercial gambling on Indian reservations. In order to provide a regulatory framework for Indian gambling, Congress passed in 1988 the IGRA. The IGRA provides a statutory basis for the regulation of Indian gambling. It specifies several mechanisms and procedures, including the requirement that the revenues from gambling be used to promote the economic development and welfare of the tribe. For most forms of casino gambling—which the IGRA terms “Class III” gambling—the IGRA requires

tribes to negotiate a compact with the respective states. It is this legislative provision that has been a continuing source of controversy.

From 1988, when the IGRA was passed, to 1997, tribal gambling revenues grew more than thirtyfold, from \$212 million to \$6.7 billion. By comparison, the revenues from non-Indian casino gambling roughly doubled over the same period. As was the IGRA's intention, gambling revenues have proven to be a very important source of funding for many tribal governments, providing much-needed improvements to the health, education, and welfare of Native Americans on reservations across the United States. Nevertheless, Indian gambling has not been a panacea for the many economic and social problems that many Native Americans continue to face.

Under the U.S. Constitution and subsequent laws and treaties, Native Americans enjoy a unique form of sovereignty. However, two centuries of often contradictory federal court decisions and congressional legislation have kept the definition and boundaries of tribal sovereignty in flux. Differing perspectives on the nature and extent of that sovereignty—in particular, the relationship of Indian tribes to the state governments in which they reside—lie at the heart of nearly all disputes over Indian gambling. In the view of some observers, tribal sovereignty is extensive and at least on par with that of states. Others contend, however, that tribal sovereignty is far more restricted in scope. (The complex historical roots of these differing perspectives are discussed in detail in the Commission's *Final Report*.)

What is not disputed is the federal government's responsibility for the welfare of the Indian tribes and their members. The Supreme Court articulated this relationship to be a "trust relationship," like a "ward to his guardian." In this regard, the federal government's record has been poor. According to U.S. government figures, rates of poverty and unemployment among Native Americans are the highest of any ethnic group in the United States, while per capita income, education, home ownership, and similar indices are among the lowest.

Given the often-opposed viewpoints between tribes and state governments, IGRA's requirement that the two parties negotiate compacts for Class III gambling has been the source of mounting tension and stalemates. Many states complain that the federal government does not actively enforce the IGRA on the reservations and that the states are unable to enforce it on their own; that the IGRA requires

states to negotiate in good faith, but does not place the same requirement on tribes; and finally, that the scope of permissible gambling activities is not clearly defined under IGRA. And while many acceptable tribal-state compacts have been successfully negotiated, several tribes have opened Class III casinos without compacts (e.g., California, Florida, and Washington). States refer to such gambling outlets as “illegal” gambling; the tribes term it “uncompact” gambling.

In a recent attempt to resolve the tribal-state disputes regarding compacts, the Bureau of Indian Affairs published an “Advance Notice of Proposed Rulemaking” (ANPR) on May 10, 1996. The key element of the ANPR is a provision that would allow the Secretary of the Interior to approve a tribe’s request to operate gambling facilities, even if the state and tribe had been unable to agree on a compact. At its July 29, 1998, hearing in Tempe, Arizona, the NGISC voted to send a letter to the Secretary of the Interior requesting that he defer issuance of a final rule, pending the completion of the Commission’s *Final Report*. However, on April 12, 1999, shortly after the expiration of a legislative ban imposed by Congress prohibiting the Secretary of the Interior from approving any Class III compacts without the prior approval of the affected states, the Department published its final rule, in effect implementing the proposed procedures. This measure was almost immediately challenged in federal court by the states of Florida and Alabama, which sought to block the new rules from taking effect. Absent congressional action, the resolution of this problem will almost certainly become the responsibility of the federal courts.

Internet Gambling

Technology is revolutionizing the gambling industry as we know it. As the Internet continues to grow, so too does the popularity of on-line wagering. Seemingly overnight, all forms of gambling have become accessible to every home and every individual 24 hours a day. But how prepared is the nation for this kind of evolution within the gambling industry? How will children’s access to Internet gambling be monitored? How will gambling regulators—indeed, how will any of our lawmakers—keep pace, in theory and in practice, with the exponential growth of EGD’s and on-line betting? The recent explosion of Internet gambling poses serious legal, economic, and social concerns. One researcher estimates that in 1997, there were approximately 6.9 million potential

Internet gamblers and Internet gambling revenues of \$300 million. By 1998, there were an estimated 14.5 million potential Internet gamblers and Internet gambling revenues of \$651 million. Today's Internet gambling sites feature dazzling interactive games. They broadcast races in real-time video. They walk their customers through "virtual" tours of casinos with music playing in the background. Most gambling sites offer casino-style gambling; others offer lotteries and bingo. There are an estimated 110 sports-related gambling sites offering on-line tournaments and sweepstakes with a special attraction to young gamblers.

The legalities of gambling in cyberspace are unclear. Statute 18 U.S.C.^s 1084, the law most frequently cited in reference to Internet gambling, was written before the World Wide Web was invented. It uses the phrase "wire communications." But does the Internet, soon to employ aspects of satellite technology, fall within the domain of wire communications? And does the word "contest," also used in Statute 18 U.S.C.^s 1084, apply to Internet bingo, lotteries, and casino-style games? What are the legal jurisdictions when it comes to Internet gambling? *Where* are the bets and wagers actually taking place? At the point of financial transaction? At the site where the person downloads a Web page on a personal computer? Is gambling via the Internet protected by the First Amendment as an act of free speech or is it primarily a commercial enterprise? These unanswered questions may lead some Internet gamblers to believe that the traditional rules of honesty and financial accountability no longer apply.

Gambling on the Internet is especially enticing to youth, pathological gamblers, and criminals. There are currently no mechanisms in place to prevent youths—who make up the largest percentage of Internet users—from using their parents' credit card numbers to register and set up accounts for use at Internet gambling sites. For pathological gamblers, the Internet's anonymity provides a shield from public scrutiny, a ticket to traverse unchecked through scores of gambling web sites 24 hours per day. Dr. Howard J. Shaffer, director of addiction studies at Harvard, likens the Internet to new delivery forms of addictive drugs: "As smoking crack cocaine changed the cocaine experience, I think electronics is going to change the way gambling is experienced." Finally, Internet gambling can provide a nearly undetectable harbor for criminal enterprises. Since Internet "servers" for gambling operations are physically located offshore, dishonest gambling operators can

easily steal the “winnings” by taking credit card numbers and money from deposited accounts and then, within a matter of minutes, move a gambling site or close it down altogether. Computer hackers can tamper with software and manipulate games to their benefit. And money launderers need only to deposit their money into an offshore account, use the funds to gamble, lose a small percentage of the original funds, then cash out the remaining funds.

Last year Congress introduced legislation to address Internet gambling. Efforts to regulate an industry whose parameters have yet to be defined could be premature and unwarranted. Furthermore, regulation of Internet gambling would likely involve large costly regulatory bodies within each state that would take away the anonymity of Internet users through registration processes. Alternatively, total prohibition of gambling on the Internet, a proposition unanimously endorsed by every member of the NGISC, would provide law enforcement with the additional authority it needs to prosecute dishonest operators. In addition, a total ban on Internet gambling would prevent improper endorsements by the U.S. government of what are often questionable offshore gambling operations.

Gambling's Impact on People and Places

The proponents of gambling tend to stress its economic benefits. Opponents tend to point to its social costs. In fact, there are both significant benefits *and* significant costs. Communities that embrace gambling, and the areas that surround them, experience both gambling's negative and positive impacts. The key question is this: How do gambling's benefits measure against its costs? Even after the NGISC's 2 years of extensive research, the question cannot be

When the casinos came to Atlantic City I got employed as a pantry person making sandwiches.

Then the casino sent me to school to further my education in the culinary field. I became a cook, shortly thereafter a relief cook, making money that I didn't imagine I could be making and being able to provide for my family.

**—Sydney Meadows
Cook
Atlantic City Showboat
Atlantic City, New Jersey**

I'm so glad to be part of the union gaming industry. Thanks to it, I don't need to depend on welfare anymore, and I can give my family anything they need. And I can give them a better life and a prosperous future.

**—Silvia Amador
Guest Room Attendant
Las Vegas Hilton Hotel
and Casino**

definitively answered. The overall amount of high-quality and relevant research in this area is still extremely limited. Indeed, much of the previously existing research is flawed by insufficient data, poor or underdeveloped methodology, or researchers' biases. However, even without a complete range of measurements, the NGISC has begun the process of determining the *net impact* of gambling. Policymakers at all levels of government are urged to review the Commission's analyses and to evaluate and critically test gambling's costs and benefits within their own communities. To that end, the NGISC offers policymakers a process as well as qualitative and quantitative factors to consider as they assess the true benefits and costs of gambling.

The NGISC suggests that policymakers consider a number of caveats: First, social and economic impacts are not easily severable. Employment, for instance, is both an economic

"I have worked at the Hollywood Park Casino for the last four years. I am married and I have a beautiful family. I am the father of six children. I came to California sixteen years ago, and I got a job at the International House of Pancakes where I worked for twelve years as a cook for \$7.00 an hour. In those twelve years I never received a raise, never had a vacation, and never was offered family health insurance. When my children got sick, I had to take them to a local clinic and pay cash for all the expenses. I never had time for my family. I worked 14 or 15 hours a day, seven days a week just to be able to support them. But now I am working at the Hollywood Park Casino, the first union casino in Southern California. As a lead cook I make \$12.00 an hour, \$5.00 more an hour than I used to make. And now I have affordable health insurance, and I can count on having regular days off to spend with my family. Before, I had to worry about our future, but now I have job security and most importantly I have respect and a voice on my job."

**—Carlos Alvarenga
Hollywood Park Casino, Eglewood, California**

In 1994 Ellen Cantor experienced a mid-life crisis of sorts. She was at the top of her field, earning \$90,000 a year as a controller for a home care agency. But Cantor, a self-described "nice Jewish girl from New York," wanted a change. She cashed in her 401K plan, withdrew her substantial savings, and she and her soon-to-be husband packed up everything and headed to "the land of opportunity"—Las Vegas. Once there, they visited the casinos frequently—he played the horses, and she played blackjack. They both found jobs they enjoyed. For two years, life was good. Then Cantor discovered video poker. Before then, Cantor used to chuckle at the people playing video poker in the convenience stores and supermarkets. "Don't they have a life?" she wondered. Her husband tried to warn her. "That stuff is video crack. You are never going to get away from it." He was right; she couldn't. Cantor "won" over \$1 million at one casino on video poker—but of course losing far more there and at the other casinos she frequented. She began stealing from her company. Her husband finally left. Cantor sought help at Gamblers Anonymous meetings, but the opportunity to gamble remained ever present. The pull was too strong. Cantor knew she had to get away. She left her clothes, furniture—everything—in the apartment and drove back to New York City. She was so broke she had to write hot checks to cover expenses on the trip. The support of family and a GA group in New York has seen her through recent months. She thinks often of the hundreds of others she met in Las Vegas whose lives were similarly destroyed by a gambling addiction. She worries, though, about the rapid spread of gambling across America. What if video poker was to come to New York? "I know I don't have another recovery left in me," she says. "I will never set foot in Vegas again, because I know I'm not strong enough not to gamble."

**—Ellen Cantor
New York City**

and social benefit. Likewise, crime is both an economic and social cost. Second, it is extremely difficult to quantify social costs and benefits. For example, a casino job might not be considered a true benefit, because other jobs may be available. Likewise, bankruptcy might not be considered a true cost, because in the eyes of economists, the dollars are merely transferred. But in the context of real people leading real lives, the lens through which policymakers must view the gambling issue, a casino job, complete with benefits, might be an individual family's saving grace. And to the individual family that must

I would like to tell [the advocates of] video poker what it has done for me. I am now a 'single' parent with one small income and two small children, one of who doesn't even remember ever seeing his daddy outside of prison gates. Anyone who thinks that video poker isn't addictive or harmful needs to walk a mile, or even a step, in my shoes.

**—“Susan”
Greenville, South
Carolina**

I was a good family man, a good man in my church and a good businessman but after gambling in Atlantic City, I turned into a thief and a bum.

**—Dominick Fiorese
New Jersey**

endure it, bankruptcy is indeed a crisis and a cost to be borne. Third, what society terms “the gambling industry” actually involves segments that are quite different from one another. “Destination” casino resorts, for example, bear little resemblance to “convenience” gambling. The former provides numerous jobs, restaurants, shopping, and entertainment as well as a number of games in a highly regulated setting. The latter involves a relatively small number of games, creates few or no jobs, is far less regulated, and fails to create significant beneficial economic impact.

Legalized gambling has unquestionably had certain positive economic effects in some of the communities in which it has been introduced. Hundreds of employees in several cities enthusiastically described to the Commission the new and better jobs they had obtained with the advent of casinos. They described the homes and cars they had been able to purchase and the health and retirement benefits that they had obtained by going to work for the casinos. In other locations, tribal members testified that the advent of casinos on tribal lands had provided jobs where none had existed before and that casinos had made possible improved hospital and clinic facilities and schools for the benefit of their children. Several tribal representatives testified that gambling revenues are providing tribes with enough resources to make investments in other industries and enterprises.

Regarding the quantifiable economic benefits of legalized gambling, the Commission heard testimony that in 1995 the industry posted revenues of between \$22 billion and \$25 billion, paid a total of \$2.9 billion in taxes, directly employed 300,000 people, and paid \$7.3 billion