

**Case 1: The Economics Frame:
“All In? Economic Factors to Consider in Native Gaming”¹**

By

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*** Notes to the Instructor:** Case 1 touches on a main motive for gaming, which is the economic one to improve the lot of Native leadership and Native peoples. This one is a less emotional topic. There should be sufficient learning here about economic factors in supporting reservation development and how Indian casinos have various intended and unintended effects, in the economic frame. This approach also contextualizes the issue of Indian gaming and overall reservation development, so learners aren't tracked to seeing Indian gaming as the one hope or as a panacea, which the research says it hasn't been.

Abstract: The economics frame focuses on the context of the need for economic development on Indian reservations. This offers a range of considerations for Native economic development. It also looks at the pros and cons of Indian gaming as an economic choice within a full economic development strategy. This asks learners to consider issues of economic development and empowerment.

The Proposed Tribal Scenario

A Native American tribe has several hundred members. It also owns over 10,000 acres of land, which includes pristine forest, rivers, and mountains. Its reservation contains tribal housing, a health clinic, a small K-8 school, a high school, and some small shops and service-oriented businesses run by tribal members.

The tribal members would like to further develop their tribe economically. They want to raise the standard of living for the people there. They would like to build the sense of cultural literacy among its members about its past—its rituals, its language, its social structures, its arts / learning / skills / common practices, and ancient wisdoms. They want to counter a high unemployment rate.

This tribe has effective leadership. They want to add to the infrastructure by putting in some waterworks, new roads, and a museum to commemorate their people's achievements and proud history. They want to take advantage of possible ecotourism opportunities by allowing gaming in a resort setting.

A local businessperson representing a group of investors (or a wealthier tribe with its own casino / or a group of foreign investors) has approached the tribe to start an Indian casino as a “joint venture” or shared business endeavor. These individuals have a long track record of honest dealings, and they have brought with them various proofs of their sincerity and supportiveness... What should next steps be?

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Struggles with Tribal Economic Growth and Development

Similarly with other tribes, there have been struggles with economic growth and development. The unemployment rate ranges between 30 and 70 percent. “Traditional explanations for the lack of economic growth among Indians have typically focused on insufficient access to capital markets, low levels of education, poor endowments of natural resources, or Indians’ goals and attitudes. To this list must be added the role institutions play in determining resource allocation (Anderson and Lueck, 1992, p. 147, as cited by Darian-Smith, 2004, p. 17). A series of ill-advised and self-serving federal policies and a culture of paternalism towards Native Americans have led to their disempowerment. In addition, the Bureau of Indian Affairs (BIA) has been accused of mismanaging resources for Native Americans. The poverty rate on reservations is high.

Obstacles to Tribal Development. An early analysis of this fictitious tribe has found some of the same daunting obstacles to tribal development as has been mentioned in the research.

- “Tribes and individuals lack access to financial capital.
- Tribes and individuals lack human capital (education, skills, technical expertise) and the means to develop it.
- Reservations lack effective planning.
- Reservations are subject to too much planning and not enough action.
- Reservations are poor in natural resources.
- Reservations have natural resources, but lack sufficient control over them.
- Reservations are disadvantaged by their distance from markets and the high costs of transportation.
- Tribes cannot persuade investors to locate on reservations because of intense competition from non-Indian communities.
- Federal and state policies are counterproductive and/or discriminatory.
- The Bureau of Indian Affairs is inept, corrupt, and/or uninterested in reservation development.
- Non-Indian outsiders control or confound tribal decision-making.
- Tribes have unworkable and/or externally imposed systems of government.
- Tribal politicians and bureaucrats are inept or corrupt.
- On-reservation factionalism destroys stability in tribal decisions.
- The instability of tribal government keeps outsiders from investing.
- Reservation savings rates are low.
- Entrepreneurial skills and experience are scarce.
- Non-Indian management techniques won't work on the reservation.
- Non-Indian management techniques will work, but are absent.
- Tribal cultures get in the way.
- The long-term effects of racism have undermined tribal self-confidence.
- Alcoholism and other social problems are destroying tribes' human capital” (Cornell and Kalt, *Reloading the dice: Improving the chances for economic development on American Indian reservations*, n.d., p. 6).

Their inability to “collateralize” trust lands or borrow against reservation holdings (lands held as security against borrowed funds) leave the Native Americans with lands

which are not sellable, and that makes it harder to raise capital for economic endeavors. This issue though protects lands belonging to a tribe from being dispersed. While they do have a substantial labor supply, the generally lower higher educational levels make it hard to parlay raw human talent into paying jobs and higher standards of living.

Tribes do have “niche advantages” such as the ability to sell cigarettes and alcohol on the premises.

Environmental Scan

The state has approved the right for the various tribes to run a casino, and currently, the state features a few small gaming establishments run by neighboring tribes. Politically, their state has had a fairly stable history of supporting Indian gaming. There have not been organizations that have the clout to stop this endeavor, and the threat of the re-negotiation of the compacts with Indian tribes over gaming seems low.

Market Analysis. The gaming market isn’t yet saturated, and initial studies of the local demographics show that there’s sufficient capital to support a new casino. The “determinants of demand” for gaming seem high. “The major determinants of casino gaming demand are price and product characteristics of the subject gaming facility and of competing gaming venues, consumer income and factors influencing the market environment including government regulations” (Thalheimer and Ali, 2003, p. 909). In other words, Native casinos need to be competitive with others in the gaming market in order to market their forms of gaming entertainment. In addition, descriptors about the potential clients and the locale of the Native casino have an effect on the competitiveness of the casino. “Secular trends should be noted. Mikesell (1991) reported that income, age, population, and urban location were positively correlated with lottery purchases” (Siegel and Anders, 2001, p. 143).

Expensive Cost of Entry. The initial costs to setting up a casino may be quite expensive, not to mention the costs to launch the casino and attract customers. Often, new infrastructure must be set up for Indian gaming. This would mean buildings, walkways, roads, landscaped areas, amusements, hotels, parking, and any number of other elements. Shopping malls and restaurants may be part of the build package. Financial outlays needed to set up casinos...range from the upper 9 million to the 10s of millions to the hundreds of millions (Cornell, Kalt, Krepps, and Taylor, July 31, 1998, p. 42). Other tribes have started with a “tent casino” and just kept adding as the finances allowed.

Security Concerns. The tribe will need to build in a security infrastructure. In addition, casinos have historically been the target of various scam artists who use various methods (like card counting, dirty dealers, and high-tech cheating) in order to win against the house. In-house security mechanisms must address such risks, too. They will need to negotiate with the local county police and fire to provide services, unless they themselves want to provide this. They need to decide on building designs and branding to appeal to the gaming audience, whom they’ve found to be older people with stable careers and / or those who have retired with sizable savings or other types of wealth.

High Tech Demands. Running a casino requires high technology demands. For example, a majority of casinos use sophisticated software to track customers as they

move through the premises and participate in different games. The information from these technologies is used to promote customer loyalty, improved security to prevent machine malfunctions, accounting, and the strategic use of information for comp management (compensation management) and advertising (Wang and Aquino, 2002, pp. 43 – 56). Gaming supply chains often benefit many off of the reservations because these capabilities (services or products) are not available in-house within the tribes (Galbraith and Stiles, Aug. 2003, p. 106) Also, the tribe will often have to hire in various types of expertise to support their gaming.

Risks to the Casino / House. Non-professionals sometimes assume that the house almost always wins in high-stakes gaming. While the house has the advantage for most games, there are some that entail larger risks of loss. Some researchers have looked into the hitting of a theoretical win percentage in some volatile table games like baccarat. MacDonald points out that there's no natural evening up process and no sense of history with game play. He writes, "The level of turnover required for the actual win percentage to fall within a small level of tolerance from the mean can, however, be astronomical, so Analysts and Senior Management need to have very strong stomachs if involved in Baccarat high end play" (MacDonald, 2002, p. 77).

Potential Risks of Failure

Failed Casinos. While some may assume that all casinos will turn big profits, there have been incidences of Indian casino failures. "Not all Native American casinos have been successful. Failures include the Lummi and Nooksack casinos in Washington State and several small casinos in rural areas throughout the northern tier of states. Much of the failure is due to poor locations, unrealistic expectations, unfulfilled promises, high debt to income ratio, and poor management both on the part of the tribes and the management companies hired. The National Indian Gaming Commission has recently interjected itself and now requires that the commission prior to execution approve all new development plans.

"From studying the successes and failures, it is apparent there are three critical factors that contribute to the success of all Native American casino operations. These include location, management and feasibility. The proximity of the casino to a population center for both players and employees is very important to its success. Access to major highways, airports and public transportation is also very important. Further, the relationship between the management company and tribe is also very important. Short-term management contracts, tribal interference and early contract terminations without just cause have shortened the list of tier one management companies willing to undertake tribal casino development. To their credit, Native American casinos have taken the business approach of conducting market and feasibility studies to ascertain market support and demand" (Nykiel, 2004, p. 55).

Indian casinos have experienced boom and bust cycles as well. Such casinos may be vulnerable to federal regulations and changes in public opinion. With the rapid growth of casino gambling in the US due to competitive pressures, some local markets have become saturated. With such pressures, there is the possibility of volatile change given new federal regulations (Rephann, Dalton, Stair and Isserman, n.d., p. 2). Tribes have had varying financial success with casinos: "For those tribes with casinos, financial

success is varied. On one end of the spectrum, nearly half of all tribal gaming enterprises earn less than \$10 million in annual revenue, and a quarter of Indian gaming operations earn less than \$3 million each year—often just enough to keep the casino open and provide modest funding for tribal government programs. On the other end of the spectrum, only about forty tribal casinos—just over one in ten—take in two-thirds of all Indian gaming revenue, each earning over \$100 million annually. Further complicating measures of economic success, the calculus involves a complex weighing of social and economic variables that determine Indian gaming’s relative costs and benefits to tribes, localities, and states” (Light and Rand, 2005, pp. 10 - 11).

Larger Context of Economic Challenge. Before starting a new business, most savvy business people will consider the larger environment. They will look to see what sort of need there may be for the service or product. A number of factors need to be considered to protect the investments into a new business. “On many reservations, tribes, especially prior to the self-determination era, would develop new enterprises only to have them fail due to poor market access, inadequate government stability, insufficient control over tribal assets, BIA mismanagement, or lack of labor and management skills. The challenges facing tribal efforts to gain control of resources and profitably exploit market opportunities have been and continue to be formidable” (Cornell, Kalt, Krepps, and Taylor, July 31, 1998, p. 26).

Opportunity Costs. Some members of the tribe want to investigate diversification strategies beyond Indian gaming. Others worry about possible economic dependencies and over-reliance on Indian gaming revenues. Still others point out that there is no guarantee that the Indian casino will turn a profit.

They also know not to see the casino as a “job engine,” but rather as a competitive business that needs to turn a profit within a reasonable period in order to survive (Jorgensen and Taylor, n.d., p. 7). They want to build a casino for both day-trippers and over-nighters and so must provide “complementary goods” such as the services of restaurants, shops and hotels (Higley, July 18, 2006, n.p.). If they can get a “destination effect” going, they may be able to get more foot traffic and shoppers in their existing stores. They may be able to have more neighborly interactions with their fellow US citizens. They’ll have to balance this against too much of an “intensity effect,” which may cause consumers to change their spending patterns away from basic goods and services and “toward leisure expenditures at a tribal casino” (Light and Rand, 2005, pp. 89 – 90).

Regulatory Oversight. Tribal casinos often spend a large amount to ensure that they follow the federal, state and tribal laws that govern the leadership and running of tribal casinos. It requires administrative work, bookkeeping and record-keeping. They know the importance of supporting the integrity and honesty of tribal gaming in order to protect it as a long-term income stream. If they allow incursions by criminal gangs, criminal activity on the premises or nearby, or any corruption, they will face major difficulties from regulatory and law enforcement agencies.

Potentially a Short-lived Effort? Two researchers think that this new degree of Native American control and effort to re-envision their future, which they describe as unprecedented in the 20th century history of nations, may be a short-lived endeavor. “It also may be a short-lived opportunity. In the late 1990s, we have seen a mounting assault on tribal sovereignty. Recent decisions in the United States Supreme Court have chipped

away at the sovereignty that Indian peoples have struggled for a century to reestablish. Disputes over gaming and other issues have led to significant interference in the affairs of Indian nations on the part of states such as California, Arizona, and New Mexico. At century's end, a flurry of Congressional proposals threaten tribal sovereignty and powers. But for the time being at least, the opportunity is there. It is still federal policy that Indian nations should determine their own futures, and determined Indian nations can still do so. But shaping those futures will require not simply the assertion of sovereignty, a claim to rights and powers. It will require the effective *exercise* of that sovereignty. The task tribes face today is to use the power they have to build viable nations before the opportunity slips away. This is the major challenge facing Indian Country today” (Cornell and Kalt, n.d., Sovereignty and nation-building: The development challenge in Indian country today, p. 2).

Others see this endeavor threatened not only from without but also from within. Indian gaming may be seen as threatening cultural identity. “Indian leaders realize that gaming may not last. They are using casino profits to diversify their economic base and build infrastructure, schools, hospitals, and houses. Even where tribal gaming is thriving, it cannot quickly reverse generations of paternalism and failure (Lawrence 1995). There is also concern that these economic improvements facilitate cultural assimilation (Mika 1995). Amending IGRA to widen the distribution of benefits and minimize the negative social consequences will be difficult, but a backlash eliminating Indian gaming could be devastating” (Anders, Mar. 1998, p. 106).

Earmarked Funds for Taxation, Governance and Industry Self-Regulation

Taxation. Not all moneys that are earned may be kept. Indian casinos pay for their own regulation, for public services, and employment taxes. “Federal, state, and local taxes claim roughly a third of revenue generated in the United States. Increases in economic activity expand the tax base and increase government revenue. Indian gaming generated just over 600,000 jobs nationwide in 2005. The wages associated with these jobs generate federal, state, and local payroll, income, and other taxes and help reduce welfare payments and unemployment benefits, freeing up more revenue for the federal and state and local governments. Wages paid to employees of tribal governments and economic development enterprises amounted to just over \$6.9 billion, and approximately \$13 billion generated indirectly by Indian gaming.

“The \$13 billion in wages generates about \$3.0 billion in federal income taxes and just under \$3.1 billion in Social Security taxes. Thus, in 2005, Indian gaming increased federal tax revenues by \$6.1 billion. In addition, the federal government saved an additional \$1.5 billion in reduced welfare payments and unemployment benefits. As a result, federal treasury revenues increased just over \$7.6 billion in 2005 due to the increased economic activity generated by Indian gaming.

“In 2005 Indian gaming generated an additional \$2.1 billion in revenue for state governments through state income, payroll, sales and other taxes and direct revenue sharing payments. Indian gaming also generated an additional \$100 million in local taxes and revenue through increased sales and other taxes and governmental services agreements” (Indian Gaming: 2005 Economic Impact Report: An Analysis of the Economic Impact of Indian Gaming in 2005, 2006, p. 8).

That said, tribes are exempt from some types of taxes. “Tribes are exempt from state and federal income taxes, empowered to levy their own taxes and devise their own business codes, and often exempt from federal and / or state economic regulation” (Cornell and Kalt, *Reloading the dice: Improving the chances for economic development on American Indian reservations*, n.d., p. 31).

Governance. “A number of IGRA (Indian Gaming Rights Act) requirements require tribal governments to establish their own gaming regulatory systems. Under IGRA, the tribes must solely own Indian casinos. If a tribe contracts with an operator to manage the casino, IGRA caps the fee at 30% of net revenue and the term at five years unless the Commission can be convinced the capital investment and income projections require a higher fee or longer term, in which case the maximum is 40% and seven years. In addition, the net revenues of the facility must be dedicated to the following purposes:

1. to fund tribal government operations or programs;
2. to provide for the general welfare of the Indian tribe and its members;
3. to promote tribal economic development;
4. to donate to charitable organizations; or
5. to help fund operations of local government agencies.

“If tribes choose to allocate any casino income to members individually, they must file a plan that details how they will spend all casino net income to accomplish the above purposes. The Commission must approve the Gaming Revenue Allocation Plan particularly as it applies to numbers (i) and (iii) above, and recipients of per capita distributions must pay federal income tax on their distributions. Finally, tribes must conduct annual audits of their facilities and all contracts greater than \$25,000 in value.

“Tribes are also required to establish by ordinance a regulatory system that:

- conducts background investigations on key gaming personnel and notifies NIGC (National Indian Gaming Commission) of results;
- issues licenses for key personnel and notifies the NIGC of such licenses, and
- sets standards for employment.

“Typically, tribes comply with these requirements by establishing gaming commissions whose powers—aside from those specified in IGRA—differ from tribe to tribe, in large measure because of the different ways tribes establish their gaming commissions within their governing structures” (Cornell, Kalt, Krepps, and Taylor, July 31, 1998, pp. 18 - 19).

Gaming proceeds must be spent in particular guided ways. “All expenditures of gaming proceeds are allocated to five categories: 1) tribal operations, government, and programs, 2) promotion of tribal economic development, 3) general welfare of tribe and tribal members, 4) donations to charitable organizations, and 5) assistance to the operations of local governments” (Galbraith and Stiles, Aug. 2003, p. 101).

Industry Self-regulation. The Indian gaming industry spends a lot of money to regulate itself. “In 2005 Tribal governments spent a total of \$323 million to fund regulation of their industry which provided over 600,000 jobs nationwide. Of the \$323 million, Tribal governments spent \$245 million to fund regulation of their gaming facilities. Tribal governments also provided \$66 million to States to fund regulation. The National Indian Gaming Commission was provided \$12 million to assist with Federal oversight. Tribal Governments have established their own gaming commissions and

developed tribal police forces and court systems to combat crimes. They have invested heavily in high-tech surveillance equipment and utilize new ‘state of the art’ electronic equipment and machines to ensure the reliability of gaming. Tribal Governments have adopted Casino Industry Standards and Internal Controls and as of August 1, 1996, Tribal Governments must comply with the Title 31 (Bank Secrecy Act). Additionally, Indian Nations have created extensive security and surveillance networking systems to exchange intelligence and monitor casinos” (Indian Gaming: 2005 Economic Impact Report: An Analysis of the Economic Impact of Indian Gaming in 2005, 2006, p. 23).

Location Selection / Siting an Indian Casino

Choosing a location to build a casino may take some thorough study as well. Research has found that casinos in an urbanized environment benefit a tribe less than if it’s in a rural environment. “Although it has been noted that economically struggling communities are often attracted to the casino development strategy (Goodman 1994), not everyone can expect to benefit. Eadington (1995b) surmises that, holding all else constant, the more urbanized a community is, the less likely it is to benefit from casino development. In large urban areas, especially those that do not ordinarily attract many tourists, it is far more likely that customers will be drawn locally. A useful rule of thumb is that when less than half of the gamblers are derived from outside the area, the industry is likely to have a redistributive effect within the community rather than an expansionary effect connected to exporting tourist services (Abell Foundation 1994, as cited by Rephann, Dalton, Stair and Isserman, n.d., p. 4).

Other locational determinants may be indicated based on research findings. “The type and location of casino development may also affect the nature, strength, and duration of development impacts. First, there appear to be strong localization economies in the casino industry. In those areas where competition is permitted, casinos show a marked tendency to cluster. Therefore, any individual casino should have a greater impact on the regional economy where other casinos are present. Second, some types of casino gambling are inherently less efficient or customer-friendly than others, and, therefore, less likely to draw patrons. In particular, riverboat casinos are limited by space and operating conditions. They are regarded as hazardous or unnecessarily restrictive to many gaming customers and may not offer the economies of scale available to larger land-based casinos (*Wall Street Journal* 1995). Third, some state laws, which restrict casino operations, can have a detrimental effect on the competitiveness of state casinos. For instance, some states restrict wagers to small amounts, and others require the gambling facilities to float on rivers. The rationale for these restrictions is to reduce some of the social externalities (such as crime and compulsive gambling), which are thought to be associated with casino gambling (Eadington 1995a, 1995b, 1995c). However, these restrictions can make the sites less attractive for all types of potential gamblers, and may further loosen linkages with the local economies. The patchwork system of U.S. state laws can also have the effect of creating lucrative gaming sites near the borders of individual states that restrict or ban casino gaming operations. Unlikely sites for recreational development along a casino permissive state’s border can blossom into lucrative gaming locations if only because surrounding states restrict casino gaming” (Rephann, Dalton, Stair and Isserman, n.d., pp. 4 - 5).

Some casinos may “island” some benefits with minimal spillover effects. “Communities should be forewarned that substantial economic growth may not always translate into tangible economic benefits to the residents or locally owned businesses. Isserman (1994) describes the results of Atlantic City casino development as being very uneven. It has not resulted in substantial revival of other flagging economic sectors in the county. In fact, the development that has occurred can best be described as an ‘island’ or an ‘economy within an economy’ because of the preponderance of job creation in the casino service sectors with minimal spillover effect. Moreover, many of the newly created jobs may be assumed by out-of-county residents rather than local people, perhaps because local skilled labor is unavailable or casino firms discriminate against minority or underprivileged residents. The most extreme negative distributive effects of large-scale casinos occurs when native enterprises are ‘cannibalized’ (Goodman 1994). This occurs when local establishments are driven out of business by casino competition. Because casinos are often full-service complexes that offer food service, retail marketing, lodging, and other services, native enterprises are vulnerable to competition in these areas. Even though rural casinos may cater to outside tourists, their effect on local service establishments (may) still be detrimental because they draw some local customers away from existing retail trade and service providers in the same way as new regional shopping malls or hyper-markets do. In some circumstances, casinos may also displace existing businesses and residences by driving up local real estate prices and rents (Goodman 1994, as cited by Rephann, Dalton, Stair and Isserman, n.d., pp. 5 - 6).

Another island effect seems to be that of employment effects. The net effect on jobs has been minimal. “As casino operations support economic development models they also bring an increase in employment opportunities (Felsenstein, Littlepage, & Klacik, 1999). Casino operations provide an increase in employment and greater opportunities for community members (Giacopassi, Nichols, & Stitt, 1999; Long, 1996). As a result, communities with gaming operations experience a decrease in the unemployment rate. Room, Turner, & Ialomiteanu (1999) however, suggest the net effect appears to be minimal due to the ebb and flow of employment opportunities. First, an increase in employment opportunities exists, followed by a decrease; therefore the net effect is minimal. The USGAO (2000) agrees stating government officials found jobs increased and the unemployment rate was unaffected” (Janes and Collison, 2004, p. 15).

Land Use. **They will have to mitigate their building plans with how the tribal members** want to use their land and protect their natural resources. They want visitors to come to certain parts of the reservation but not wander through other parts of the reservation that are private. They want to protect their land inheritance. Those who live on the reservation want to preserve a sense of peaceful living.

The Larger Community

Reaching out to Neighbors and the Larger Community. The tribe will need to sample local opinion and launch a publicity campaign with the local government to get approval. They will need to talk to their own tribal members about this part of the economic development plan. They will need to train their tribal members to work in a casino. They will need to reach out to their neighbors to better introduce themselves and to let others know who they are. Some tribal casinos have found improved relationships

with off-reservation mainstream neighbors (Contreras, Nov. 2006, p. 315). A sizable sum is spent by gaming tribes to regulate their own industry, support research, reach out to universities to train staff and personnel for their casinos, and to monitor public opinion about Indian gaming.

Overall, national research has found that Indian gaming is popular. In 2005, there were over 400 tribal gaming sites in 28 states. Over 20 million Americans went to Indian casinos for an average of 6 visits each for 137 million visits nationwide (Indian Gaming: 2005 Economic Impact Report: An Analysis of the Economic Impact of Indian Gaming in 2005, 2006, p. 22). A national sample of 1000 US residents 18 and older from June 11 – 18, 2006, showed 63% approval for Indian gaming and high sympathy regarding Native American community needs. Respondents preferred Indian reservation casinos to Las Vegas ones with a 65% preference. 62% of respondents agreed with the assertion: “Indian tribes deserve our help.” 74% agreed that it is “extremely important” and “very important” to maintain Native culture. 70% of respondents approved of the current level of regulation of Indian gaming. In response to the statement, “Regardless of my own feelings about gambling, we should let the Indians do what they want on their own land,” 41% strongly agreed and 25% somewhat agreed. By contrast, 12% strongly agreed with the statement: “Gambling is morally wrong and should not be permitted anywhere in this country, not even on Indian reservations.” 13% somewhat agreed. 49% strongly disagreed.

Relationships with other Tribes. Some tribal members are worried about the perceptions of other local tribes given that they may be in direct competition with some, with at least one casino within a 60-mile radius of their planned casino. They’ve done some research and found that starting a new casino may negatively impact the moneys coming in from the state lottery in a “cannibalization” effect. Some are suggesting that there may be some “leakage” in the state income stream because of the Indian casinos not having to pay some types of business taxes.

Allies and Strategies. They will need to reach out to Native American organizations that support gaming in order to get contacts and to learn more. The leaders of the tribe would like to strengthen their governance with this endeavor. They want to draw people back to their tribal lands to revive their tribe. They are eager to look for allies in the larger community for strategic partnerships.

Mitigating Potential Problem Gambling

To counter the worry that casino gambling may lead to more problem gambling, some researchers have found that there may not be an increase in the number of people who gamble but only a displacement of their patronage from other types of gambling.

“Often, those who feel a problem exists can cite examples of people they know with problems (Braunlich, 1996; Room, et al., 1999). Yet, Govoni, Frisch, Rupcich & Getty (1998) suggest no significant change in gambling behavior exists. It is suggested that people with a propensity to participate in gaming activities are the same, but the type of gambling has changed. Some support this suggesting a casino does not lead to problem gambling; people may have been gambling in lotteries or sports before and are now gambling in casinos (Braunlich, 1996; Govoni, et al., 1998; Room, et al., 1999). In other words, there’s been a transfer of problem gambling by those who would engage in

state lotteries, horse and dog tracks, card rooms, sports events betting, charitable games, and Net gaming, and casinos are only part of a larger gaming pattern. The National Council on Problem Gambling (NCPG) (2001) agrees indicating that USGAO's (2000) report suggests even pathological gambling cannot be directly tied to casino gaming because problem gamblers also have other behavior disorders" (Janes and Collison, 2004, p. 15).

An estimated 1-8% of population is pathological gamblers (Janes and Collison, 2004, p. 16). They'll have to work with other organizations to prevent problem gamblers from coming to their casino. Some casinos have programs to try to mitigate the effects of problem gambling.

Clients to Indian Casinos. Those who research Indian casinos suggest that stereotypes about casino clientele proliferate. "Contrary to some representations, casinos do not prey on the poor and downtrodden. They are not likely to attract a troublesome or disruptive clientele. For rural areas, they provide decent intro-level and non-seasonable service jobs. The customers are drawn largely from outside the casino community (whether regionally or extra-regionally). Moreover, the economic effects are expansionary and should help to generate additional tax revenue for community infrastructure and other social needs. In many of these respects, casino gaming appears to be superior to other amusement and recreation sectors which are sometimes faulted for providing low-paying, part-time, seasonal jobs or causing environmental spoilage" (Rephann, Dalton, Stair and Isserman, n.d., pp. 3 - 4).

The economic repercussions of Native gaming casinos have effects on the members of the tribal community, the larger community, and the larger national economy. There are numerous complexities to the use of tribal casinos as an economics engine for a tribal community, and one of the larger questions relates to whether or not to go forward, and then *how*.

In a statement by the Coeur d'Alene Tribe, they assert that tribal gaming has enabled them to "control their destiny" ("Testimony presented...", Jan. 7, 1999, p. 1). The National Congress of American Indians (NCAI) has released a statement about gaming: "Indian gaming has given impoverished tribal communities a much needed boost in their struggle to achieve economic growth. After decades of failed federal policy to provide economic stimulus to Indian Country, the enhanced decision-making power of tribal sovereignty has provided tribes with the means to increase sustainable economic development on reservations. The policy of Indian self-determination coupled with benefits of Indian gaming has helped tribes achieve modest results in improving tribal economies" ("Gaming," NCAI, n.d., n.p.).

As one example, the Eastern Band of Cherokee Indians of North Carolina's Tribal Government, in testimony provided to the National Gambling Impact Study Commission, testified to their use of funds from gaming for cultural resources development, wastewater treatment, community parks and recreation facilities, a legal division, an urgent care clinic and pharmacy, transit services, a bottled water enterprise, a centralized tribal child care facility, and land purchases. Ongoing projects included those related to a youth center, a diabetes center, Cherokee ceremonial grounds, the writing of a Constitution for the Eastern Band of Cherokee Indians, and codification of tribal laws. Future plans include funds for housing infrastructure, higher education, debt service

sinking, capital improvements, a recreation complex, a visitors center, administration building, and a wastewater collection project (“Testimony...” n.d., n.p.).

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