

Is Casino Gambling Beneficial for Native Americans?

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Introduction

Relative to the general U.S. population, Native Americans, on average, have much lower levels of income, health, education, and other indicators of socioeconomic position. Native Americans living on reservations are among the poorest people in the United States, with median household incomes that are 60 percent lower and poverty rates that are five times higher than national averages. (Evans and Topoleski) The Native Americans also suffer from mortality disadvantage relative to Whites at each life stage, with acute disparities infant mortality, life expectancy, and age-specific mortality resulting from higher rates of infectious and chronic diseases. (Wolfe, Jakubowski and Haveman).

To spur economic development, a small number of tribes opened large-scale bingo halls and/or casinos with Las Vegas-style gambling in the late 1970s and early 1980s. (Conner and Taggart) While this was a novel and controversial approach at that time for tribes to develop their economy, gaming and gambling in general was indeed deeply rooted in the Native American tradition. (Schaap) During this period, the industry was essentially controlled by the state in which the tribe is located. The number and size of gaming operations were restricted by state laws. (Akee, Spilde and Taylor) In the late 1980s, a series of legal rulings favorable to tribes and the subsequent passage of the Indian Gaming

Regulatory Act of 1988 legalized gaming operations on reservations in many states. Today, there are 474 gaming operations run by 224 of the more than 560 federally-recognized tribes. Of these operations, about 400 are “Las Vegas” style casinos with slot machines and/or table games. (National Indian Gaming Commission) About half of tribal members in the lower 48 states are in tribes that run a casino-style gaming operation. (Native American Rights Fund) Indian-owned gaming operations generated about \$30 billion in revenues in fiscal year 2016, about a quarter of all revenues generated by legal gaming in the US. (National Indian Gaming Commission)

The development of the Indian gaming industry has been fruitful, but it has also been doubted and misunderstood from multiple perspectives. Some common misunderstandings include that gaming has brought the majority of Native Americans huge amount of wealth and made them rich, that Indians don’t have to work to make money, that the gaming industry involves severe corruption and organized crimes, and that granting the Indians the privilege of operating casinos is unfair to other races. (Native American Rights Fund) In this paper, I will address some of the common misunderstandings based on data, proven facts, and important documents. I will also try to argue that gaming industry has been and is likely to continue to be beneficial for Native Americans.

Legislation

Traditionally, most tribes had some sort of gaming—shell games, archery, etc. Contemporary Indian gaming ranges from ceremonial games to Vegas-like operations.

(Native American Rights Fund) Congress established control of Indian gaming with the 1988 Indian Gaming Regulatory Act (IGRA). IGRA categorized gaming into Class I, Class II, and Class III. IGRA also established the National Indian Gaming Commission (NIGC) to regulate tribes' gaming operations. Class I consist only of ceremonial and social gaming for nominal prizes, and is subject to tribal regulation only. Class II and III gaming are subject to regulation under IGRA. Class II gaming generally means bingo, lotto, poker, etc. Class III operations are what most people think of as Indian casinos, for example slot machines, craps, and blackjack. Generally speaking, Class III operation consists of most of the gaming revenues, and is the leading factor in many of the economic and social impacts discussed in this essay. (National Indian Gaming Commision) In addition, Indian gaming activities may only occur in states where gaming is legal. For instance, tribes in Utah may not open Class II or III operations. A 2008 government report emphasizes, "One final characteristic of gaming under IGRA should be noted because it is so often overlooked in the public conceptions of Indian gaming: Indians do not have the right to offer gaming. Tribes do. Indian gaming is not 'privilege for one group of citizens.' It is a power of government." (Ernest L. Stevens)

Economy

An explicit goal of the Indian Gaming Regulatory Act (IGRA) is to promote "tribal economic development, self-sufficiency, and strong tribal governments." Whether the IGRA has achieved this goal is an empirical question. Though opinions on this question vary, large scale data generally support a positive answer. Today, Indian gambling created 30 billion

annual revenues in fiscal year 2016. More than 620,000 job opportunities have been created national wide. (National Indian Gaming Commission) Indian gaming also generated \$6.2 billion in federal taxes, \$2.4 billion in state income, and \$100 million in local income through payroll, sales taxes, and direct revenue sharing through government agreements. (Native American Rights Fund) A comparative study on the early Indian gaming industry in the 1990s shows how rapidly the introduction of casinos could change the life on the reservation. Four years after tribes open casinos, employment has increased by 26 percent, and tribal population has increased by about 12 percent, resulting in an increase in employment to population ratios of five percentage points or about 12 percent. The fraction of adults who work but are poor has declined by 14 percent. In counties where an Indian-owned casino opens, we find that jobs per adult increase by about five percent of the median value. (Ackerman and Bunch)

Many people would incorrectly assume that the revenues are distributed among tribal members any way they like, in an unregulated manner. (Robertson) That's indeed not the case. Revenues, by law, must go toward improving reservation communities. The Indian Gaming Regulatory Act requires that revenues go toward: tribal government operations, promotion of the welfare of the tribe and its citizens, economic development, support of charitable organizations, and compensation to local non-Native governments for support of services provided by those governments. (Evans and Topoleski) Some tribes distribute funds on a per capita basis in order to directly benefit its citizens, and in some limited cases, "per caps" have shown negative effects such as a dependence on tribal government, low

attendance in school, and an unwillingness to work. (Ackerman and Bunch) However, out of 224 tribes operating casino gambling facilities, only 72 give per capita payments from gaming revenue, ranging from hundreds of dollars annually to a few thousands. Very few (e.g. Foxwoods) distribute large sums. (Native American Rights Fund) If a tribe does intend to make such distribution, it has to submit an allocation plan to obtain the approval of National Indian Gaming Commission.

Infrastructure

Tribes have boosted their socioeconomic status in the past thirty years by improving their infrastructure, but due to the lack of federal and state funding, have only been able to do so as a result of gaming enterprises. (Akee, Spilde and Taylor) For instance, tribes often build casino-related facilities that draw visitors such as hotels, conference centers, entertainment venues, and golf courses. Once a reservation has established a strong economic foundation, it can draw in businesses that are unrelated to gaming. A common trend is that casinos stimulate the economy, and other business sustain it. For instance, the San Manuel Band of Mission Indians built in a water bottling plant on the reservation and, along with three other tribes, invested in a hotel in Washington, D.C. The Winnebago Tribe of Nebraska are involved in a number of businesses; some of which are Internet media, home manufacturing, used autos, and gas stations. In addition to involvement in private corporations, Native nations have enough sustainability to bolster government programs. Some of these projects include, but are not limited to: providing law enforcement, fire fighters, schools, translators

for emergency response, college scholarships, assistance with mortgage down payments, protection for endangered species, care for elders, police cars, foster-care improvements, and health clinics. (Schaap)

Some may argue that such improvements are consequences of global and national economy recovery and development after the Cold War, and could be accomplished without gaming. A comparative study in 2012 suggests that, compared with tribes that do not operate any gaming facilities, or only operate Class II gaming (bingo, lotto, poker, etc.), association with tribes with Class III gaming (essentially casino-style gaming) leads to higher income, better reservation conditions, longer life expectancy, and increase in many other socioeconomic indicators. Moreover, such correlation between gaming and socioeconomic status is strong even after taking into account and controlling for certain important tribe characteristics. (Spilde and Taylor)

Health

As discussed above, the booming development of gaming has lead to improvements of infrastructures and living conditions on the reservations. In particular, health status of Native Americans has been significantly improved as a consequence of the introduction of gaming industry. Overall, studies have shown that association with a tribe with Class III gaming leads to higher income, fewer risky health behaviors, better physical health, and increased access to health care. (Wolfe, Jakubowski and Haveman; Akee, Spilde and Taylor)

A study on the change in income related to gaming of the tribes in the Great Smoky Mountains demonstrate the potential magnitude of the effect of the increase in income associated with gaming. (Costello, Compton and Keeler) These results suggest that the income generated by casino gaming is likely to have a substantial influence in changing risk-taking behaviors, reducing the probability of smoking by more than 32% and of heavy drinking by nearly 18%; to influence numerous indicators of health (including diabetes (–11%), obesity, overweight (–8%–9%), and hypertension (nearly –11%)); and to improve mental health (fewer days with anxiety (–25%)).

The increase in income may also lead to long-term improvements in health and well-being. Many communities use the income growth and economic development to initiate investments in social and economic infrastructure, to promote culturally appropriate wellness strategies, and to invest in effective economic development programs that may foster long run improvements in health and well-being. (Wolfe, Jakubowski and Haveman)

Conclusion

In the discussion above, we demonstrated how casino has benefited Native Americans since 1970s, especially after the Indian Gaming Regulatory Act passed in 1988. Gaming, especially casino gambling, has generated huge amount of revenues for the Indians and their communities. Tribes operating casinos have increased their income, improved their infrastructures, and changed their economical structures. Gaming has also benefitted the long

run social and economical sustainability, and improved health conditions for people living on the reservations.

Despite these remarkable accomplishments, casinos do, however, come at some cost. In some cases, four years after a casino opens, bankruptcy rates, violent crime, and auto thefts and larceny are up 10 percent in counties with a casino. (Ernest L. Stevens) However, nothing comes without a price. The initial periods of economy development and industrial transformation and upgrading are almost always accompanied by increased crime rates, social instability and environment pollution. This is arguably an inevitable stage for social progress. (Gordon) Besides, as mentioned in the previous sections, huge part of the gaming revenue has been invested to bolster government programs such as law enforcement and police forces. (Schaap)

Many would also worry that the the casinos on reservations would divert the revenues of private and state run casinos, and thus affect the development of tourism and third industry in general of the state. However, states in fact also benefit from Native American gaming enterprises. Tribes usually pay approximately 10% of profit to states in order to compensate for strains put on the state. It is estimated that the state of Michigan earned \$325 million from tribes spanning from 1993-2003. (Spilde and Taylor) In addition, non-Natives hold 75% of the jobs that belong to Native American gaming. (Ernest L. Stevens)

Today, gaming has become a crucial and inseparable part of many Native American tribes, and I believe it's their right to decide what's best for themselves and determine what path they will choose in the future.

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