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). Nearly one quarter of American Indians 25 years of age and older did not complete high school (a rate that is more than double that of non-Hispanic whites). (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 Commision) 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 Commision)

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.

# Clarify the purpose

# Economical Effect

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 Commision) 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) Admittedly, 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 intent 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, even after taking into account and controlling for certain important tribe characteristics. (Spilde and Taylor)

# Health

As suggested

Our estimates contribute to the ongoing debate regarding the impact of an important

and publicly contentious social policy—the stimulation of local economic development

through casino gaming—on the income and health of American Indians.

Overall, our results suggest that association with a tribe with Class III gaming leads

to higher income, fewer risky health behaviors, better physical health, and perhaps

increased access to health care.

Our findings also provide evidence regarding the link between income and health.

Using the natural experiment, which links an exogenous increase in income attributable

to casino gaming to health and health-related behaviors, we find clear evidence

of improvements in health and health-related behaviors associated with increases in

income. Additional income appears to lead to decreases in smoking, heavy drinking,

obesity, hypertension, diabetes, and days of anxiety. These results are consistent with

those of other studies (noted earlier) that focus on the effect of exogenous income

increases on particularly vulnerable or low-income populations.

To suggest the potential magnitude of the effect of the increase in income

associated with gaming, consider the implications of the change in income related

to gaming—$6,000—found in the Great Smoky Mountains Study (Costello et al.

2003) (see column 6 in Table 3). 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 small estimated

effect on access to health care is perhaps related to a small increase in employerrelated

health insurance (because of the relatively small American Indian employment

effect of casino gaming), and to the important role of the Indian Health Service

in providing access to health care.

These estimated results suggest that an exogenous increase in income in poor

communities through policies that promote economic development may improve

both health status and overall well-being. To the extent that communities use the

income growth and economic development to initiate investments in social and

economic infrastructure, to promote culturally appropriate wellness strategies, and

invest in human capital, effective economic development programs may foster longrun

and dynamic improvements in health and well-being. Moreover, the income

increases from effective economic development policies may reduce anxiety and

stress, lead to improved diets, encourage the location of medical providers in or close

to the community,16 and improve choices that may also lead to long-term improvements

in health and well-being.

Two caveats remain. First, because of the conventions adopted in the BRFSS data

set, we had to use categorical information rather than continuous data to measure

income. Second, we assigned American Indians to tribes with gaming according to

county of residence. Both conventions suggest the possibility of measurement error

and could lead to an underestimation of the influence of the income induced by

gaming on both household income and health/health-related behaviors.

# Mental health and body health

# Other Social Aspect

# Organized Crime? Stability?

Casinos do, however, come at some cost. 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)

# Culture?

# Sovereignty & Fairness

States also benefit from Native American gaming enterprises. States cannot tax reservations, but they can, under IGRA, negotiate a compact and demand compact payments. Tribes usually pay approximately or less than 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.[1]

It is required by law for a tribe to agree to a state compact if they request one, but the IGRA says nothing about local governments. However, many tribes do negotiate with local governments. They place a strain on traffic and emergency services, and it is not uncommon for a tribe to compensate for that. Native Americans pay $50 million annually to local governments across the nation. In addition, non-Natives hold 75% of the 300,000 jobs that belong to Native American gaming.[4]

# Economic Disparity with Tribe

# Implications for Surrounding Areas

With gaming profits, the Creek Nation of Oklahoma has built its own hospital staffed by Native American doctors and nurses.[5] Other tribes establish health clinics, dialysis centers, and fitness centers to deal with the problem of Native American disease and epidemics. Many tribes work toward securing hope for the future by improving schools. The Mille Lacs Band of Ojibwe built two schools that teach fluency in English as well as Ojibwe language.[4]

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