



AGAINST LEGALIZED GAMBLING

and the **NATIONAL COALITION AGAINST GAMBLING EXPANSION**

100 Maryland Avenue NE, Room 311, Washington, DC, 20002 • 800-664-2680 • www.ncalg.org

Strong voices call for better government

Legalized gambling is still trying to railroad its way across America, but the wheels are falling off that juggernaut faster than they can change them.

They have tried to sell gambling as “economic development, jobs, jobs, jobs ” but the voters aren’t buying that one any more. Communities discover quickly how the casinos get rich by cannibalizing the rest of main street

They’ve tried selling it as “just another form of entertainment, like shopping, or the movies,” and the country got wise to that ploy. (Few people lose their homes buying too many movie tickets.)

Now government is trying to push gambling with the notion that it’s a “tax paid by the willing” – free money that nobody minds giving to the government. States try to steal from neighboring states. When gambling invades one, the industry promotes “Keep the money at home” campaigns to infect the surrounding states.

“Let’s mug them in Pennsylvania before they get mugged in New Jersey. Let’s mug them in Maryland before they get mugged in Delaware.” Their best arguments are not even about their product anymore. It’s about greed.

We’ve been telling legislators for more than a decade that gambling is bad economics and bad social policy. In short, it creates a government that preys on the very citizens it is entrusted to govern. It is clear that government needs to learn what the voters are saying. This year, in at least five of seven state referenda, voters said “No!” to more gambling. (See the enclosed news release for details.)

A Governor says ‘Enough!’

During our September conference in Rhode Island, we gathered important ammunition from three important voices. Renowned business executive Warren Buffett, Pulitzer prizewinning author Taylor Branch and Rhode Island Governor Donald Carcieri all chipped in with vital information.

Carcieri’s state is the smallest in America, but the largest in per-capita purchase of lottery tickets. The 48 by 30 mile state skims \$300 million from gambling profits – a third of its revenue. Rhode Islanders who may legally participate in the lottery each shell out \$1,574 a year, for a total of almost \$1.3 billion. But the governor isn’t thrilled by that, and he’s not at all anxious to expand gambling.

Gambling is just another way of taxing the public, as Carcieri sees it, and it is government spending that is driving the nationwide expansion of gambling. “I never met a legislature that wasn’t looking for more money,” he said. “Gambling is easy

pickings. If (legislators) raise sales or income taxes, people get irate.” He said citizens tend to look at gambling as a “voluntary tax” and that makes it “appealing.”

“I have said that gambling is a very poor form of economic development, and a poor source of revenue,” the governor said. He also charged there is no evidence that states that have large gambling casinos are any better off. He said that despite Rhode Island’s revenues from lottery tickets and terminals, “we have all the financial problems of other states—in spades. The video lottery terminals have not fixed this!” He used his Connecticut neighbors as an example, noting that state has two of the world’s largest casinos, Foxwoods and Mohegan Sun, contributing about \$400 million a year to the public coffers. “I don’t see Connecticut in any better shape. In fact, their deficits are bigger,” Carciari said.

Writer sees gambling ‘eroding democracy’

Pulitzer prizewinning author Taylor Branch came to the NCALG conference to denounce the spread of gambling as a destructive force eroding important fundamentals of American democracy.

Branch, who chronicled the life and times of Dr. Martin Luther King, likened gambling to the evils of segregation, and called for a renewal of both “vocabulary” and activism to bring Americans back into the spirit of self-control and self-governance.

Branch quoted James Madison’s Federalist Papers as he concluded the proponents of democracy “rest all of our political experiments on the capacity of mankind for self-government.”

“Someone who is addicted is by definition not self-governing. That’s the definition of addiction... you are not self-governing.” Branch reasoned. The addiction of both individuals and the state erode democracy as they lose self-control.

Branch said gambling erodes democracy in two other important ways. He said gambling destroys “faith in strangers,” and “accountability,” which are core concepts in the American experiment.

Faith that “strangers” in government will seek to do what is best for the public is a necessary component of public trust. Again, he quoted Madison, arguing that to “. . . suppose that any form of government can establish liberty without virtue in the people is a chimerical idea. It’s nonsense. You have to trust the people.” That whole concept is eroded when states sanction gambling and begin “treating their citizens as suckers,” Branch concluded.

Branch wove his presentation through complex social philosophy including the need to feel equity in democratic participation. Gambling gives people the notion that someone else is paying the bill, or perhaps worse, that they are not. He charged an imaginary citizen to make his point. “You, Madame, say you support the most vigorous methods to support homeland security but you haven’t bought a single lottery ticket. You are an irresponsible citizen. You will be dragged and flogged and quartered.”

Cynicism is both a fundamental cause and result of government sanctioned gambling, according to Branch. “People squirreling around trying to rationalize” without knowing or even wanting to look at the ultimate consequences of gambling destroy the concept of accountability for both government and individuals. Accountability, Branch concluded, is a necessary element of both citizenship and government. Gambling creates a “Non-accountable slush fund for people in politics and people who pay politicians who are not accountable. Nothing could be more subversive to the notion of looking at your problems and trying to solve them in traditional, constitutional ways.”

Branch talked about the history of gambling in America, noting the states had

‘I think the state ought to be trying to do something for its citizens, not to its citizens.’

– Warren Buffett

all criminalized the practice by the turn of the 20th century. The nationally corrupt lottery known as the “Louisiana Serpent” was the last to go, and that took federal congressional action.

The historic civil rights author compared America’s challenge to the great strength of the “little girls in Birmingham” who led America to becoming a better nation. “They believed they owned the country . . . They were responsible for fixing the faults in America – even those that fell on them. People who had been denied the benefits of government had the discipline and faith to lift the rest of the country to the inner meaning of our own professed values,” he said.

The task, as Branch explained it, is to make that happen again with the issue of gambling.

Business guru Buffett’s ‘Parable of the Chihuahua’

Among the most encouraging conversations I’ve had in recent months came while we were making a 30-minute “fireside chat” video with Berkshire Hathaway CEO Warren Buffett in Nebraska. Buffett knows business and business knows Buffett. Forbes Magazine records approval ratings for executives, and recently found Buffett among the five most respected of all of America’s CEO’s.

Buffett doesn’t think much of gambling for either business or government. For one thing, it is not “economic development” because, “There is nothing being developed. It’s a transfer of money.” Buffett notes gambling losses go one of three places. “Some of money goes to the state. That’s just like a tax. That doesn’t do any development at all,” he said. Next, it goes to operating overhead, but anywhere people spend their money, some of it goes to operating, so that isn’t development either. The rest is profits for the owners, who in most cases are out-of-state casino developers. “There is a lot of benefit to the owner, and an occasional lucky person, but for every lucky person there are hundreds of thousands that keep feeding the kitty, and, net, it’s a big loser for the citizenry.”

“In the end this is just a business of taking in dollars and giving back 95 cents. Nothing else happens.”

But Buffett’s biggest complaint about gambling is what it tells the community. “You’re teaching your citizenry something all the time by the actions you take...as administrators of a state like this. Essentially (gambling will) teach you the state is on the other side of the transaction from you. They’re trying to get you to do something dumb. . . I think the state ought to be trying to do something for its citizens, not to its citizens,” he said.

“I do not think that the state ought to be in the position of selling the needles,” Buffett reasoned. “We’re going to have drug addicts in this country, but I don’t think the state ought to get in the business where it hopes there are more drug addicts and it

starts selling needles. We are going to have gambling addicts in this country, but I don't think the state ought to become the sponsor of spreading that addiction."

Buffett gets dozens of letters each week from people who are in financial trouble. He says medical problems, credit cards and gambling addictions are three big reasons. He said credit cards are often tied to gambling problems.

Some of those gambling problems are generated by casinos just across the river from where he lives in Omaha. Though some of his hometown's money is going "out of state," he's in no mood to build casinos at home to stop that flow. "If you had a house with a nice lawn, and you had a neighbor, and they had a Chihuahua, and that dog occasionally strayed over to your lawn and fowled the lawn, your reaction would not be to go out and buy a St. Bernard," Buffett reasoned. "You don't need more of it."

"There are people who become addicted by going across the river," he admits, but if you build casinos at home, "You will have more of it. You will have multiples. You will have the St. Bernards of addicts instead of the Chihuahuas of addicts."

With those addicts, come social problems. "Addictions produce crime. People get into impossible situations when they get addicted to something like that. Some people opt for crime. Some will opt for bankruptcy. Some may commit suicide," he said.

"In the end, the state could be on the side of its citizenry instead of figuring out ways to take advantage of them. I think that's fundamental to government," he concluded.

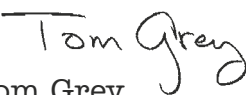
THESE THREE new voices are important to the message we are sending to citizens and voters. We have already produced a DVD of the Buffett interview and we're sending it to civic, legislative and media leaders across the country. We'll soon have a video of all three men telling Americans why gambling is not good government.

You know it takes money to continue these fights, and to distribute this kind of information. We need your help. These are powerful voices, but they won't do much good if nobody hears. You know the job NCALG has done in the past decade spreading honest information about gambling. You can see the results in the "scorecard" included in this month's mailing.

We truly appreciate all you have done for your community and the nation in the past, and we ask you to contribute again, as generously as you can so we can keep getting this information to the people who need to hear it.

Please stay with the fight!

Sincerely,


Tom Grey
Executive Director
NCALG and NCAGE

A successful conference and a challenging election have passed since our last letter, so we've included some extra information and highlights. Enclosed is the newly published NCALG brochure. Feel free to share it with someone you think might become a convert to our cause. Also enclosed is an order form for computer recordings of the Rhode Island conference. (Those talks will soon be posted on our web site as well.) Guy Clark's letter to President Bush is included, along with a scorecard on gambling referenda from the election. We won at least five of seven statewide battles!