

THE GAMING INDUSTRY IN ABORIGINAL COMMUNITIES

Prepared for the
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THE GAMING INDUSTRY IN ABORIGINAL COMMUNITIES

INTRODUCTION

For years, gaming activities in Canadian Aboriginal communities were limited to small-scale bingos, and traditional fund-raising activities such as raffles. In the past few years, however, Canadian Aboriginal communities have been looking enviously, and carefully, at the development and proliferation of lucrative gaming operations on reservations in the United States. Many Aboriginal communities now aspire to expand gaming operations considerably, and to use them as a tool for economic and social development. In fact, many communities are already asserting these aspirations.

This paper will review the literature relevant to the gaming industry in Canadian Aboriginal communities. As the industry is in its infancy, literature of direct relevance to it is scarce. Material of indirect relevance, however, is more plentiful, and includes reports on the impacts of reservation-based gaming operations in the U.S., studies of the gaming industry in Canada, the literature on problem and pathological gambling, numerous media sources, and the community hearings of the Royal Commission on Aboriginal Peoples.

The paper addresses several issues. Following the introduction, Section 2 provides an overview of the status of Aboriginal gaming in Canada. In particular, it describes how the legal and regulatory framework governing gaming activities in Canada has progressed, and how it has created a dispute between the provinces and Aboriginal people over who has jurisdiction to regulate gaming on reserve lands. The section investigates the significance of the jurisdictional issue for the provinces, Aboriginal peoples, and other parties such as charitable organizations. Finally, the section reviews the repercussions of the dispute, citing recent examples of both conflict and compromise between the provinces and Aboriginal groups.

Section 3 explores the economic potential of the gaming industry for Aboriginal communities. First, the experience of Native people in the United States is examined. The development of the industry is traced, examples of some of the many "success stories" are described, and the factors influencing this success are analyzed. The U.S. experience is used as a starting point to assess the economic potential of expanded gaming activities as proposed by various First Nations communities in Canada. To this end, similarities and salient differences between the U.S. and Canadian situations are noted. Potential economic impacts considered include both direct and induced revenues, employment, and business activity generated by the industry.

Section 4 addresses the potential social impacts of the gaming industry on Aboriginal people, culture, families, and communities. Opinions differ significantly on this issue. Positive social impacts can result as revenues from gaming are used to address social objectives, and as opportunities for employment and income help to relieve the negative symptoms of chronic poverty and unemployment. Expanded gaming, however, also could have negative social consequences associated with increases in "problem" and "pathological" gambling, family tension and child neglect, community divisiveness, crime and corruption and the erosion of cultural values.

Section 5 discusses the prospects for the gaming industry in light of these issues, and seeks to identify ways in which an expanded gaming industry can help communities meet their socio-economic goals without making them roll the dice on their future.

THE CURRENT SITUATION IN CANADA

THE LEGAL AND REGULATORY FRAMEWORK - A HISTORY

Canada's gaming laws have their roots in the old gaming laws of England, which reflect the treatment of gambling as a vice (Ferguson 1993:2; Canada 1987:4). The Criminal Code of Canada issues a general prohibition on all forms of gaming, and then allows certain exceptions. Before 1970, the exceptions were limited to pari-mutuel racetrack betting and to games of chance at agricultural fairs, carnivals, and like events (Beare, Jamieson and Gilmore 1988).

In late 1969, an amendment to the Criminal Code expanded the range of allowed activities, and paved the way for the huge growth in legalized gaming. The amendment made it lawful for the government of a province to conduct "lottery schemes", which include a wide range of gaming activities. In addition, if proceeds were used for charitable or religious purposes, then charitable or religious organizations, the board of a fair or exhibition, or any individual, could conduct gaming activities if licensed to do so by the Province.

In 1985, the Criminal Code was further amended to remove the federal authority to regulate gaming activities in favour of sole provincial authority, and to allow provinces to operate slot machines and video lottery terminals (VLTs). Despite the inclusion of various forms of permissible gaming activities, some, including bookmaking, dice games, three card monte, punch boards, and coin tables, are explicitly forbidden. The Criminal Code allows penalties - fines and/or imprisonment - to be levied against both those holding and those participating in illegal gaming activities (Canada 1987:9).

Through their licensing powers, the provinces have the authority to choose which of those activities permitted by the Criminal Code will be allowed in the province. They can also set prize limits, control the number and frequency of events, and set conditions for revenue allocation and financial reporting. Provincial

regulations, and the way they are administered, vary widely across the country.

There has been a general trend, however, toward licensing more events and a greater range of activities.

Accordingly, under present legislation, bands who wish to conduct any form of gaming activity must obtain a license to do so from the designated provincial authority (Ferguson 1993:5). Pursuant to the Criminal Code, bands or Aboriginal organizations must be deemed a "charitable organization", and must use the proceeds for charitable purposes. In a submission to the DIAND Task Force on Gaming on Reserves, Vina Starr notes that

While it is acknowledged that most Indians and Indian Bands are poor, they are neither charitable nor religious organizations. Demonstrably, the statutory scheme regulating gambling activities in Canada was never intended to accommodate the Indian aspiration to raise Band funds by the use of lotteries. Consequently, bands have found themselves in a legislative void.... (Canada 1987:10).

It would seem that provinces have been flexible enough in their interpretation of "charitable organization" to grant licenses to Band Councils, or at least to community "gaming committees". It is questionable, however, whether a band which had independent sources of revenue and was not considered "poor" would continue to qualify as a "charitable organization", or whether the use of proceeds to fund economic development or self-government objectives would qualify as "charitable purposes."

Dissatisfied with having to submit to provincial regulatory power, many First Nations communities have tried to assert their own gaming regulations by enacting by-laws pursuant to the provisions of section 81 of the Indian Act. Of the approximately 220 bands which have done so (Starr 1987:2), only one band's by-laws have not been disallowed by the Minister of Indian and Northern Affairs, this presumably due to an oversight (Ferguson 1993:5).

Many bands across the country have proceeded with conducting gaming activities without valid band by-laws or a license from the province. They have maintained that they are not governed by provincial regulations. A number of arguments have been advanced through the courts on both sides of this issue.

In general, the provincial position is that the Criminal Code of Canada applies to all Canadians, including Aboriginal people, and that the Criminal Code gives regulatory power over gaming to the provinces. Therefore, Aboriginal people wishing to conduct gaming activities either on or off reserve, must comply with provincial regulations, or face prosecution. The Federal Government has disallowed band gaming by-laws on the grounds that they would be in violation of the Criminal Code, and the provisions of the Code take precedence over those of the Indian Act.

Aboriginal people have challenged these assumptions on various grounds. First, they have contested the right of the Federal Government to delegate authority over gaming on reserve land to the provinces. This argument was advanced in R v. Furtney (1991) which went to the Supreme Court of Canada. In a paper prepared for a conference on First Nations Gaming in 1993, Bill Ferguson summarises the decision of the court:

The decision of the Supreme Court of Canada was unanimous. It was found that while the federal parliament may not delegate its law-making powers to a provincial legislature, there is no such prohibition against a delegation to the provincial Lieutenant Governor-in-Council. More fundamental to the case at hand, it was found that the gaming exceptions under the Criminal Code are not a delegation of power to the provinces at all, but rather a move by the federal government to limit its own powers in a specified area. The provinces, by choosing to regulate activities within the vacuum created by the removal of federal authority, have not been the recipient of delegated power but have asserted their rights to exercise provincial powers under s.92 of the Constitution Act, 1867 (1993:6).

Ferguson argues that

This case effectively closes off the argument that the

delegation of gaming powers was outside the authority of the federal government. Not only were these provisions seen as valid but provincial enactments consistent with the Criminal Code exceptions to gaming were also seen as within legitimate provincial constitutional power (1993:6).

Professor Douglas Sanders also writes that it is doubtful if recognized band by-laws, or federal legislation to regulate on-reserve gaming would, under present division of power rules, take precedence over provincial regulation. He believes that both federal and provincial regulatory laws would be valid on reserves, and Aboriginal groups would still have to comply with provincial licensing requirements (Sanders 1992:6-7).

Aboriginal people have also argued that they retain a right to regulate gaming activities based on inherent aboriginal and treaty rights. Section 35 (1) of the Constitution Act, 1982, stated:

The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed. It has been left up to the courts to interpret just what had been "recognized and affirmed."

In Sparrow v The Queen (1990) the Supreme Court found that the right to fish, although it had been regulated, had not been extinguished, and was therefore an existing aboriginal right. Furthermore, the decision stated that the right to fish

"...should be interpreted flexibly so as to permit [its] evolution over time... [and is] 'affirmed' in a contemporary form rather than primeval simplicity and vigour" (cited in Ferguson 1993:11).

The right to fish, therefore, should include the right to fish commercially. In the case of gaming, the argument is made that, like fishing, gaming activities were part of pre-contact culture and should therefore be recognized as an existing aboriginal right, and affirmed in a contemporary, commercial context.

Another approach to the constitutional argument is currently being advanced in a landmark case in the Carlyle Provincial Court in Saskatchewan involving

the White Bear First Nation. This approach, illustrated in Sanders (1992), contends that Indian bands have a right to regulate economic activities - which include gaming - on their reserves, based on the inherent right to self-government. At the White Bear trial, the Crown prosecutor has indicated that he will argue that existing aboriginal rights do not exempt Aboriginal people from the provisions of the Criminal Code (*Regina Leader Post*, 15 March 1994).

THE JURISDICTIONAL DISPUTE - WHAT'S AT STAKE?

REVENUE, JOBS AND ECONOMIC DEVELOPMENT

The gaming revenue accruing to provincial governments and charities in Canada is substantial. In fiscal year 1985-86, lotteries in Canada had sales of \$2.8 billion (\$112 per capita), which netted \$896 million for provincial treasuries (Canada 1987:20). With increasing sales and an expanding range of gaming activities, income from gaming has grown considerably. For fiscal year 1993-94, provincial income was \$602 million in Ontario (Ontario Lottery Corporation 1994), \$542 million in Quebec (Lotto Quebec 1994), \$332 million in Alberta (Alberta Department of Lotteries and Gaming 1994), \$240 million in British Columbia (British Columbia Lottery Corporation 1994), \$181 million in Manitoba (Manitoba Lotteries Corporation 1994), and a combined \$197 million in the four Atlantic provinces (Atlantic Lottery Corporation 1994).

Charitable gaming is also booming. In British Columbia, 1993-94 proceeds to community groups, charities and religious organizations through eighteen community casinos, close to fifty bingo halls, ticket raffles and other events was \$117 million (British Columbia Gaming Commission 1994). In Alberta, charitable proceeds were \$106 million (Alberta Department of Lotteries and Gaming 1994), and Manitoba charities received \$23 million (Manitoba Lotteries Corporation 1994). In Ontario, estimated proceeds for the 1993

calendar year were \$282 million (Ontario Gaming Control Commission 1994).

The potential for further growth in the industry is enormous. Many provinces are now running, planning, or considering casino operations or large gaming halls. The Crystal Casino in Winnipeg, which opened in 1989, earned \$15.7 million in 1993/94. Casino earnings, however, were exceeded by two gaming halls featuring a combination of electronic gaming and bingo which netted a combined \$42 million (Manitoba Lotteries Corporation 1994). A casino now operating in Montreal corralled \$70 million in profit for the Quebec provincial government during its first six months of operation (Lotto Quebec 1994). The casino slated to open in Windsor in early 1996 is expected to provide the province of Ontario with \$110 million in profit, and an additional \$90 million in taxes on casino winnings in its first year of operation (*Gaming and Wagering Business* 15(1):3).

In 1993, a study commissioned by the Ontario Casino Project, estimated that a series of seven casinos spread throughout the province would aggregate over \$850 million profit annually. Casino patrons would spend in excess of \$1.4 billion on non-casino items. Not only would much of the revenues - over 60 percent - come from visitors to Ontario, but the operations would also recapture over \$50 million in out of province spending. The construction of the facilities would generate 13,000 person years of employment and the casinos' ongoing operation would create 97,000 full-time jobs (Coopers and Lybrand Consulting Group 1993:v).

Aboriginal groups are also looking to gaming as a form of economic development. The revenues generated would go to fund community projects and other economic ventures, and the jobs would provide a much needed tonic for high rates of community unemployment (Canada 1987). Aboriginal communities view gaming not only as a means to acquire revenues and jobs, but also as a potential catalyst for economic diversification. At the Royal Commission on Aboriginal Peoples (RCAP) community hearing in Roseau

River, Carl Roberts explained that

People have to understand that gaming is only a kick-start to a lot of the economic viability that can be established in this community. I think it would be foolhardy of anyone to establish an economic base on one industry (Roseau River, MAN 92-12-08)

WORRIES ABOUT COMPETITION

The provinces have expressed unanimous concern over the potential effects of unregulated competition in the gaming industry (Canada 1987:23). The primary concern expressed in the literature relates to the effect that competition will have on the charitable gaming sector. In 1990, the Ministry of Consumer and Commercial Relations of the Government of Ontario released a position paper entitled "*Charitable Gaming: Putting the Drivers Back in the Drivers Seat.*" The paper noted that

In 1985, approximately 20% of monies wagered in a bingo game were retained by the charitable organization. It is becoming evident, however, that the percentage of proceeds going to the charities is declining. It has become harder for some charities to raise gaming proceeds for their charitable activities because more organizations are competing and saturating local markets (1990:2).

According to the Ministry, the primary factor contributing to the increasingly competitive environment was the rapid proliferation of commercial gaming operations.

The response of the provinces to growing competition has been to increase the attention given to market regulation. Profit margins suffer as competitors offer larger prize levels in order to attract customers, so limits have been imposed on the percentage of gross receipts that can go to prizes. As well, the frequency of activity by any operation or group is controlled in order to regulate the number of gaming events.

The Aboriginal gaming industry, therefore, unless it is subject to the same

regulations as the charitable gaming industry, is viewed as a threat to the gaming revenues of charitable organizations. The DIAND Task Force on Gaming on Reserves reports that, among provincial authorities, there is

a view that the provincial population, including natives, represents essentially one market. It is seen as disruptive for unlicensed reserve-based high stakes bingos to draw upon that market thereby "emptying the church basements" of nearby communities (Canada 1987:22)

This fear is echoed by those within the charitable gaming industry. Jaceo Shaefer, the vice-president of a company which owns a string of charitable casinos in British Columbia believes that if Aboriginal groups follow through with plans to open "Nevada-style" casinos in B.C. then "community charities would be down the tubes in two minutes". Shaefer believes, however, that the charitable and Aboriginal gaming industries can co-exist if both have to abide by the same regulations limiting hours of operation, maximum bets, the types of gaming activities allowed, etc. (*Kamloops Daily News*, 13 October 1993, pA4).

There has been some speculation that community charitable casinos and larger, Nevada-style casinos have a distinct clientele, and that the impact of one on the other would therefore be minimal. William Eadington of the Nevada-based Institute for the Study of Gambling and Commercial Gaming notes that "charity casinos are kept alive by local users who don't usually go to mainstream casinos" (*Vancouver Province*, 13 March 1994, pA34). The Coopers and Lybrand Consulting Group, however, have a different view:

Charitable casino gaming is the activity probably most vulnerable to commercial casinos. The existing limited selection of games and overall atmosphere will not be competitive with the variety, environment and amenities offered by commercial casinos. Charitable casinos, as currently constituted, may be able to survive in small markets not in close proximity to commercial casinos. If charitable casinos were substantially revitalized through local entertainment, special events, improved decor, etc. to create a more festive "community" atmosphere not available in large commercial casinos, they may be able to

establish a limited market niche. For the most part, however, their function as an outlet for casino gaming will be eliminated with the introduction of extensive commercial casinos (1993:43).

Coopers and Lybrand, however, do not anticipate the same conflict between commercial casinos and bingo:

While, there is some market overlap with casino gaming, the bingo industry has been very successful in positioning itself as a social event. According to industry surveys, women make up 60 to 70 percent of the core bingo market. By comparison, casinos in Las Vegas and Atlantic City are attended more frequently by males. In addition, the bingo industry appears to be robust and is operating in many smaller communities which are not immediately accessible to proposed casino sites (1993:45).

The conviction among Aboriginal peoples that they should have the right to regulate their own gaming activities seems consistent across the country. Their opinions vary, however, on the extent to which they should consider the interests of the provinces and charities in developing these regulations. One perspective is that Aboriginal people should use any regulatory advantages they may have to differentiate themselves from the competition, and to develop market advantages. Another perspective sees some value in harmonizing the interests of the Aboriginal gaming industry with those of its competitors.

It is difficult to assess the relative prevalence of these perspectives in Aboriginal communities. In an interview with the author, the Ontario Gaming Commission's First Nations Liaison, Cy Wood, indicated that, in general, First Nations communities in the province have demonstrated a willingness to accommodate the interests of the charitable gaming sector when establishing their own operations. He cited a case of a First Nation near Sarnia who, despite operating unlicensed gaming events, has entered into an agreement with four nearby communities to minimize conflict with charitable gaming interests. In Kahnawake, Quebec, Chief Joe Norton has indicated a

willingness to share the proceeds of a proposed casino on the reserve by allocating a negotiated percentage of gaming revenues to a trust fund "for our non-native brothers and sisters who are less fortunate" (*The Montreal Gazette*, 5 October 1993, pA1).

CONFLICT AND COMPROMISE

The political and economic importance of the issue, and the legal quagmire surrounding it has provided fertile ground for conflict between First Nations communities and the provinces. Typically, confrontations have resulted when First Nations communities, unable to come to a satisfactory negotiated agreement with the province, have gone ahead and conducted gaming operations on reserve without a license from the provincial gaming authority. Tensions reached a peak in Manitoba and Saskatchewan in the first few months of 1993.

In January 1993, the RCMP raided five Manitoba reserves and seized 48 video-lottery terminals, and a variety of gaming equipment and tickets (*Globe and Mail*, 20 January 1993, pA6). The RCMP noted in a press conference after the raids that their concern was not so much with the unlicensed gaming devices, but "was more directed to information that we had been provided with in respect to the acquisition of weapons" (INAC, 19 January 1993). No weapons, however, were seized.

There was an angry reaction from the communities and the Assembly of Manitoba Chiefs. They objected to the "heavy-handed" manner in which the raids were carried out, accused the province and the RCMP of using the weapons allegations as an excuse to eliminate the competition for provincial gambling revenues, and called for a boycott of the Winnipeg's Crystal Casino and other provincially-sanctioned gambling (*Winnipeg Free Press*, 20 January 1993, pA1, B2).

The January raid was the latest in a string of gambling-related confrontations in the province. In February 1992, the RCMP laid charges against two members of the Cross Lake and Roseau River First Nations for running gaming activities without a license. More charges were laid a few months later against a member of the Sagkeeng First Nation. Several years before, in May of 1986, the RCMP seized tickets, money and records from the Pas Indian band (now the Opaskwayak Cree Nation), relating to their lottery operations. The band had objected to the RCMP actions based on the fact that they had agreed to co-operate fully in any RCMP investigation, and they had valid band by-laws, recognized under the Indian Act, to regulate lotteries (Sinclair 1987).

On March 22, 1993, a 36-member RCMP team raided and closed down the Bear Claw casino on the White Bear reserve in southern Saskatchewan. The RCMP seized all of the casino's equipment - 115 slot machines and a number of card tables - as well as financial records relating to the operation. Once again, the para-military tactics employed by the RCMP were condemned by the band leadership. The band was subsequently granted a series of temporary licenses to operate the casino without slot machines. The operation, however, closed in January due to lack of business.

In Ontario, the Chief of the Eagle Lake First Nation announced recently that band members were refusing to pay fines levied for operating unlicensed bingos, and that the band would continue to hold about 30 unlicensed sessions a month (*Native Issues Monthly*, January 1994:25). In the summer of 1993, the chief and a councillor from the Wauzhushk Onigum First Nation near Kenora were charged with operating a common gaming house (*Native Issues Monthly*, Sept 1993:18). In 1990, BomCor Associates estimated that over sixty gambling related charges had been laid on reserves in Ontario (1990:14).

In New Brunswick, the Big Cove, Woodstock, and particularly the Kingsclear

First Nation have threatened on a number of occasions to defy the provincial ban on casinos (*Daily Gleaner*, 14 January 1993, p1,2; *CBC/CBO Morningside*, 30 September 1992). In November 1993, encouraged by a poll indicating that 40 percent of New Brunswick respondents approved of reserve-based casinos, the Union of New Brunswick Indians sent a letter to First Nation communities encouraging them to proceed with their casino plans (*Saint John Telegraph Journal*, 6 November 1993, pA1).

While the clashes with the RCMP and provincial authorities have attracted most of the media attention relating to First Nation casinos, there have also been many examples of negotiation and compromise between the two sides in the jurisdictional dispute.

In Saskatchewan, Federation of Saskatchewan Indian Nations (FSIN) chief Roland Crowe proposed, in September 1992, to establish a network of five or six casinos run under the umbrella of the FSIN, with proceeds distributed among all of the bands in the Federation. The proposal met resistance from several bands in the province who thought such a deal would compromise their ability to set up and manage their own casino operations and who accused the FSIN of negotiating without their approval. The proposal was eventually quashed by the province, which argued that the FSIN should not have a monopoly on casino operations in the province, and that the proposal did not have the undivided support of the FSIN member bands.

In February of 1993, the province proposed a partnership approach to establishing casinos, whereby Aboriginal groups, exhibition associations, and the province, would share in the revenues generated. The province then entered into negotiations, lasting almost a year, with various Aboriginal groups and exhibition associations, but eventually turned back to the FSIN for a deal. In January, 1994, the province announced a deal with the FSIN which would see the development of two full-scale casinos in Saskatoon and Regina, with the revenues split between the province, the FSIN, the Metis Nation of

Saskatchewan, and exhibition associations. The casinos are expected to open by the spring of 1995. Both the FSIN and the province were careful to point out that the deal is an agreement concerning off-reserve gaming. It does not resolve the jurisdictional debate over gaming on-reserve, nor does it compromise individual band's rights to set up casinos.

Despite this, however, several bands in the province once again rejected the tentative deal on the basis that, in their eyes, it did represent a threat to their casino plans. Four bands formed a separate First Nations Gaming Alliance (*Saskatoon Star Phoenix*, 21 January 1994, pA3), the Prince Albert Grand Council announced that they may take the provincial government to court over the issue (*Prince Albert Daily Herald*, 20 January 1994, p1), and the Muskeg Lake band has filed a suit seeking at least \$50 million in damages, alleging that the province has used intimidation and coercion to prevent the band from opening a casino on its reserve (*Saskatoon Star Phoenix*, 25 January 1994, pA3).

The FSIN is now negotiating with provincial and federal authorities to establish a comprehensive gaming strategy which would see a variety of gaming activities in Aboriginal communities coordinated through a First Nations Gaming Centre. The Centre would monitor activities through a centralized computer system, provide training, coordinate bingos, and distribute profits among the 72 bands in the province. It is unclear whether such a system will address the concerns of First Nations with casino aspirations, but the First Nations Gaming Alliance has announced that it will postpone plans to set up casinos until after the FSIN reports on the progress of negotiations in May (*Native Issues Monthly*, March 1994, p23).

In Manitoba, tense negotiations between the Manitoba Lotteries Foundation and a number of First Nations in the province have resulted in a series of gaming agreements. As of December 3, 1992, 29 Manitoba Lotteries Foundation (MLF) Licenses had been issued to organizations on 17 Manitoba reserves (Koppang 1992:1). In addition, the province has entered into Native

Gaming Agreements with eight communities or regional economic development corporations representing 14 bands (1992:3). These agreements created Indian Gaming Commissions with the power to license charitable and religious organizations to conduct gaming activities including: periodic bingos, lottery and breakopen ticket sales, calcuttas, Monte Carlo Casinos, raffles, and media bingos (1992:4).

Manitoba First Nations are also entitled to operate video lottery terminals (VLTs) with an MLF license or through their Indian Gaming Commission. A maximum of 40 VLTs are allowed on any reserve, and these must be connected to a central system. The bands are allowed to keep 90 percent of net proceeds (Koppang 1992:6).

The Opaskwayak Cree Nation at The Pas has indicated a willingness to enter into a joint venture with the province to establish a casino in The Pas (*Weetamah*, 23 March 1994, p7). The province, however, has placed a moratorium on all gaming expansion and has, so far, refused to entertain proposals for permanent casinos from First Nations.

The New Brunswick provincial government recently signed an agreement with the Woodstock Maliseet Nation which, subject to certain restrictions, gives the band licensing and regulatory control over non-casino gaming activities such as bingo. The agreement allows the First Nation to operate "super bingos" with unlimited prize levels twice a month, in addition to regular bingos with prize limits of \$15,000. The planned gaming facility is expected to seat 1200, and to include a 300-room hotel (*Saint John Telegraph Journal*, 7 May 1994, ppA1,A2).

In Ontario, the province announced its intention to allow a single First Nations "pilot casino" to operate on a reserve in Ontario, with the employment and spin-off benefits going to the selected reserve, and the profits split equally among the province's 128 First Nations (*Native Issues Monthly*, Feb 1994:28).

The province received 14 submissions from First Nations communities by the deadline of February 28, 1994 (*Canadian Press*, 01 March 1994).

The province has also authorized the Ministry of Consumer and Commercial Relations (MCCR) to negotiate agreements with First Nations regarding the regulation and licensing of charitable gaming on reserves. To date, the MCCR has signed charitable gaming agreements with two First Nations communities: the Scugog First Nation near Peterborough in June 1993, and the Wauzhushk Onigum Nation near Kenora in October 1993. The agreements provide for the development of a "gaming code" which defines the First Nations' authority with respect to different gaming activities, and for the establishment of a gaming commission to control, administer and regulate those activities (Ontario, MCCR 1993).

The Alberta Gaming Commission has started to license high stakes bingos with payouts of \$100,000 per game on some reserves in order to "test the market" for expanded gaming (*Calgary Herald*, 24 July 1993, pB1). A proposal, which has received the support of over half the bands in the province, has been drafted to establish a separate Aboriginal gaming commission. Early indications from the committee which initiated the proposal are that the First Nations want to compete on "a level playing field" (*Calgary Herald*, 18 March 1994).

The Government of British Columbia is in the midst of a comprehensive policy review of the gaming situation in the province. On February 24, the BC First Nations Gaming Committee announced that they expect to begin discussions with the government concerning gaming on Aboriginal lands.

THE ECONOMIC POTENTIAL OF GAMING FOR ABORIGINAL COMMUNITIES

THE U.S. SITUATION

THE ORIGINS AND GROWTH OF RESERVATION-BASED GAMING

In the United States, the gaming industry has been such an economic boon to Native Americans that it has been likened to "the return of the buffalo." For a significant number of tribes, gaming has been the ticket to prosperity: it has not only provided a source of employment and income for tribal members, but it has also funded community infrastructure, education, health, recreation, and government. While tribes had long had the legal status of "sovereign nations", for many their poverty and consequent dependence on the Federal Bureau of Indian Affairs had prevented their practising self-government in any meaningful way. With the gaming revenues, however, many tribes have achieved both economic self-sufficiency and political self-determination.

The right of reservation-based gaming enterprises to operate outside of state gaming regulations has been validated through a series of court cases beginning in Florida in 1981 when a federal court of appeal ruled that the Seminole tribe was not bound by the state's statute limiting charitable bingo jackpots to one hundred dollars, and culminating in the 1987 Supreme Court decision on California v Cabazon Band of Mission Indians. In general, the rationale for the decisions has centred around distinctions between state laws which are "criminal/prohibitory" and those which are "civil/regulatory". While some state criminal laws apply on reservations, civil laws do not. In the series of cases, it was determined that the states' gaming laws were not criminal laws because they did not seek to prohibit gaming activities; rather they allowed the activities, but sought to regulate them. Since the state laws were civil/regulatory in nature, they did not apply on Indian reservations (see Starr 1987, BomCor Associates 1990, Cordeiro 1992).

The effect of the Supreme Court decision in Cabazon was that tribal

governments could operate any reservation-based gaming activities which were not explicitly prohibited by state law, and they could do so free of state regulation. In other words, if a state allowed bingo, or casino-style games of chance through charitable "casino-night" licenses, then a tribe could legally offer these activities on reservations. Tribes did not, however, have to comply with the state regulations limiting prize levels, frequency of events, etc..

Immediately after the Cabazon verdict, numerous tribes across the country, and especially those in the fourteen states which permitted some form of casino games, started planning for large-scale gaming operations. State governors, fearing wide-open, unregulated gaming would invite infiltration by organized crime, pressured Congress to pass a federal act to regulate activities. In 1988, Congress passed the Indian Gaming Regulatory Act, which created a framework for establishing and regulating reservation-based gaming operations. The legislation required that tribes who wished to offer casino-type or "Class III" gambling activities negotiate a compact with the state before commencing operations. The tribe could take the state to court if it refused to negotiate, or if an agreement could not be reached.

The growth of the Indian gaming industry since 1988 is staggering. Of the nation's 300 federally recognized tribes, over 130 have gambling operations of some sort. Profits for 1992 are estimated to be \$500 million U.S., tax free (*B.C. Report*, 4 October 1993, p22). Over seventy tribes have negotiated compacts with their respective states. The total 1992 wager in Indian casinos was approximately \$15 billion; in comparison, \$5 billion was spent on movie tickets (*Seattle Post-Intelligencer*, 26 July 1993).

THE U.S. "SUCCESS STORIES"

Many U.S. tribes owe their current prosperity to gaming operations. The Sault Ste. Marie Tribe of Chippewa Indians in Michigan, for instance, provide a veritable "rags to riches" story. According to Dr. Robert Hathaway, Chief

Executive Officer of the tribe's Economic Development Commission, Shunk Road in Sault Ste. Marie, the site on which the tribe's Vegas Kewadin casino now lies, formerly

had no paved road; it had no public housing; it had no businesses. The roads were so bad school busses wouldn't drive down to pick up children for school. The ditches were cesspools especially in the Spring and fall because there were no water or sewer services provided (Hathaway 1992).

The tribe's Constitution and By-laws were accepted in 1975, pursuant to the Indian Reorganization Act. In 1981, the tribe's Overall Economic Development Plan, which included 43 prioritized projects, was adopted in cooperation with the state's Office of Industrial Training (Hathaway 1992). Although over half of these projects are currently active, the Vegas Kewadin Casino has been, as one tribal spokesperson said, "the economic engine that fuels our community" (*Canadian Press*, 02 March 1994).

The casino is now the largest in Michigan, and, as of May 1993, had induced 14 spin-off businesses, and plans for 9 others. Among these is a hotel and restaurant attached to the casino, and another casino and hotel in the town of St. Ignace. Together, these ventures have created 900 jobs, and were expected to earn a 1993 gross revenue of \$100-million (*Native Issues Monthly*, May 1993:13). Other spin-off businesses include two convenience stores, a company which operates a janitorial service and cleaning supplies outlet, an automotive remanufacturing plant, a neon sign company, a dry cleaner, an airplane charter company, and a tribal newspaper (Hathaway 1992; *Canadian Press*, 02 March 1994). Altogether, the tribe employs in excess of 1500 employees, and owns two dozen businesses with annual profits of about \$30 million (*Whitehorse Star*, 27 April 1993).

In 1992, two studies were undertaken which addressed the economic impact of reservation-based casinos in Minnesota. At the time, there were 13 such casinos. One of the studies covered all of these operations, and determined

that collectively they employed 5,700 people, of which 1,350 were Native Americans. Over half of these jobs had been created in the past two years (MHA/MP 1992). The other study focused on six of the operations, and found that together they generated \$143-million in revenues and \$54-million in profit (Minnesota Indian Gaming Association 1992).

As well as revitalizing the economies of the reservations, the industry was credited as having a significant beneficial impact on the local and state economies. In 1991 and 1992, estimated construction costs in the industry were \$69-million. Casinos spent over \$78-million annually on wages, over \$40-million on in-state expenses including food and beverage, supplies, advertising and promotion, and insurance (MHA/MP 1992). Between 1987 and 1991, in the four non-urban counties with gaming activities, there was a 16 percent decrease in the number of recipients of the state's primary social assistance mechanism, the Aid to Families with Dependent Children (AFDC). In comparison, there was a 15 percent increase for the state as a whole.

In Washington state, reservation-based casinos are comparatively small. Compacts negotiated with the state have imposed regulations banning all slot machines, and limiting the number of tables to 25, the hours of operation to 80 per week, and the maximum bets to \$25. Yet the Tulalip casino was still expected to gross \$60 million in its first year, and retain \$10-million in profit (*Seattle Post-Intelligencer*, 26 July 1993). The first-year profits of the Nooksack River Casino, 30 minutes south of the Canadian border, are estimated at a more modest \$330,000; but most of the casino's 215-230 jobs have gone to tribal members (*Victoria Times Colonist*, 8 September 1993, D10; *BC Report*, 4 October 1993, p22). The nearby Lummi tribe had briefly opened a casino before the Indian Gaming Regulatory Act was passed, and as a consequence did not have to negotiate a compact with the state; as such, it is not subject to the same restrictions. The Lummi Casino, in its first year, employed about 400 workers, two thirds of whom were Native, and had anticipated profits of between \$1.5-million (*Toronto Star*, 4 August 1992, pA15),

and \$3-million (*The New Pacific*, Summer 1992).

Some high stakes bingo operations have also had considerable success. Gross revenues from various operations were compiled by BomCor Associates (1990). At the time, the bingo facility of the Seminole tribe in Hollywood Florida grossed \$15-million annually. In California, bingo on the Morongo reservation grossed \$11-million, and the 2600 seat facility of the 150 member San Manuel tribe grossed \$9-million (Bomcor Associates 1990). The latter, a year later, was reported to be the most profitable bingo hall in the nation (*Los Angeles Times*, 8 October 1991).

FACTORS INFLUENCING THE SUCCESS OF TRIBAL GAMING OPERATIONS

While there are numerous "success stories" in tribal gaming, there are many operations which have been less successful, and a number which have closed down. In a 1991 *Los Angeles Times* series on reservation-based gaming, Paul Lieberman acknowledges that "the ventures have brought extraordinary success stories to some of the poorest people in America," but writes that

for most tribes...the alluring promise of gambling has not been realized -- it has been an occasional source of jobs and trickle of profits. And for others, the gamble has been a losing one (*Los Angeles Times*, 6 October 1991).

Lieberman précis the gaming experiences of two dozen reservations in California. About ten of the facilities, including the massive Sycuan tribe's operation billed as "the showplace of Indian Gaming", have been profitable. At least four of the facilities, however, have been closed, four others are small or marginal operations, and ten have been marred at some point by controversy -- including fraud, mismanagement, and allegations of gambling-related murders and the involvement of organized crime (*Los Angeles Times*, 8 October 1991).

Lieberman's mixed appraisal of the success of reservation-based gaming operations seems to be based predominantly on the experience of California. Moreover, all of the alleged controversy relating to the gaming occurred before the enactment of the federal Indian Gaming Regulatory Act.

Most of the literature, however, has focused on the prosperous operations, and in particular on the economic benefits to the tribe and surrounding population. The success of these operations is primarily attributed to the comparative advantages that the sovereign status of reservations has given them. Regrettably, there is little in the literature which probes more deeply into the determinants of success and analyzes the key factors which distinguish operations which flourish from those which fail.

The only known study which directly addresses the factors which influence the success of gaming operations was conducted by Cordeiro (1992), who analyzed the performance of high-stakes bingo operations. He formulated a regression model to correlate "economic success" with a number of variables which he reasoned were likely determinants of success. The majority of the independent variables in the model were determinants of demand: the population density and median household income of the surrounding area; the distance to the nearest high-stakes bingo competitor; the tribal population; and the estimated "propensity to gamble" of residents of the relevant state. The model also included a variable for whether bingo operations were managed by the tribe or by an outside management firm, and another which considered the unemployment rate of tribal members as a proxy for estimating the "tribal capacity" to manage a business effectively.

Cordeiro found that the most statistically significant determinant (at 99% confidence) of economic success was the surrounding population density. Each additional person within fifty-miles of the operation yielded an additional \$2.89 in annual revenues. The mean population within this range was 1,147,840. The regression also revealed that each additional mile to the

nearest competing bingo operation corresponded to an increase of \$1,738 in revenue (with 87% confidence), and each additional tribal member corresponded to an additional \$1,119 in revenue (with 85% confidence). The propensity to gamble in the region was measured by whether or not a state had legalized lotteries. Where lotteries were legal, bingo operations averaged an additional \$2,121,180 of revenue (with 86% confidence). All other variables were not significant above a 75 percent level of confidence (Cordeiro 1992:227).

Cordeiro suggests that the positive correlation between tribal population and bingo revenues may be due to the participation of tribal members in the bingos, but might also reflect a correlation between larger tribes and greater institutional and organizational capacities (1992:229).

Although Cordeiro found no significant correlation between the management of gaming operations and revenues, BomCor Associates (1990), based on their analysis of eleven tribal gaming operations, found that "tribes that manage their own gaming activity have by far the best track record of positive benefits" (1990:57). In some cases, a private company would enter into an agreement with the tribe in which the company would finance and manage the operation, and would be entitled to 90-95 percent of the profits until the capital costs were recovered. According to BomCor, companies used creative accounting methods to hide profits, and thereby disbursed only token amounts to the tribes.

Based on the experience of tribes in California, Lieberman attributes the varying success in part to factors such as proximity to large urban areas and good management, but also to "political stability." He argues that most tribes in California are comparatively small and scattered. Political organization is rudimentary and prone to factionalism between competing clans. Such an environment is prone not only to internal divisiveness and feuding, but also to exploitation from outside interests (*Los Angeles Times*, 8 October 1991).

THE CANADIAN SITUATION

THE EXTENT OF ABORIGINAL GAMING

In 1990, BomCor Associates conducted a survey of gaming activities in Aboriginal communities in Ontario. Results were obtained for 101, or 80 percent, of the province's 126 First Nations communities. Not surprisingly, the survey indicated that the dominant form of gaming activity in communities is bingo, which was cited by three quarters of the responding bands. Gross revenues from these events was reported to be close to \$4 million. Additional revenues were generated in some cases through participation in off-reserve bingo activity. While 85 percent of bands were involved in activities such as raffles and prize draws, these activities generated only \$226,000. Only 11 percent of bands indicated that there had been casino-type activities through special "casino-nights", and these grossed only \$1,175. In total, responding communities averaged \$36,000 gross revenue through gaming.

As Ontario charitable gaming regulations were relaxed considerably on February 1, 1993, these figures are likely an underestimation of current activity. The province increased maximum bet limits from \$2 to \$10, dropped the requirement that all workers at gaming events be volunteer, and allowed operations to run events more frequently. At least one community, the Chippewa of the Thames First Nation just outside of London, has taken advantage of the new regulations by setting up a travelling casino (*Toronto Star*, 25 March 1993, pA21).

It would seem that Aboriginal communities in Manitoba are most involved in gaming activities, although there is no statistical confirmation of this. Gross gaming revenues of the Opaskwayak Cree Nation at the Pas in 1990/91 were \$5.8 million (Interact Public Policy Consultants 1992).

Massive gaming operations like those on reservations in the U.S. do not exist

in Canada. Many First Nations communities across the country, however, have drafted or are drafting proposals to build casinos or larger casino/resort complexes. If realized, these proposals would bring a dramatic expansion in the Aboriginal gaming industry. The list of communities which have formally announced plans to build, or who have expressed interest in doing so is long. These First Nations include: Beecher Bay, Nanaimo, Osoyoos, Skyway, Skeetchestn, Kamloops, Cowichan, Hagwilget, and Burrard in British Columbia; Tsuu T'ina, Enoch and Beaver Lake in Alberta; White Bear, Moose Woods, Ochapowace, Standing Buffalo, Muskeg Lake, the Prince Albert Grand Council and the Battlefords Tribal Council in Saskatchewan; Rosseau River, Opaskwayak Cree, and Dakota Tipi in Manitoba; Six Nations, Wauzhushk Onigum (Rat Portage), Garden River, and Shawanaga in Ontario; Kahnawake and Kanasatake in Quebec; Millbrook in Nova Scotia; and Woodstock, Big Cove and Kingsclear in New Brunswick.¹ It is expected that many more First Nations communities are interested in expanding gaming operations.

The proposals are not only numerous, but also substantial, requiring investments of anywhere from \$2 million to \$75 million. One proposal by the Beecher Bay First Nation called for the erection of a \$250 million resort complex and casino (*Victoria Times Colonist*, 24 April 1993, pA1). The plan was called off, however, and a more modest deal is in the works for a \$10-20 million venture (*Victoria Times Colonist*, 15 September 1993, pA1).

It appears that the First Nations are not having any problem finding investors, despite not having provincial approval to go ahead with their project. Not long after the Mohawks at Kahnawake expressed interest in building a casino on their reserve, it was reported by a member of the Kahnawake Mohawk

¹This list was compiled through a review of newspaper and magazine clippings. Sources include: *Native Issues Monthly* Feb 1993 to Feb 1994; *Penticton Herald* 13 Oct 1993; *Vancouver Sun* 5 May 1994; *Vancouver Province* 5 May 1994; *Calgary Herald* 24 July 1993; *Toronto Star* 2 Nov 1992; *Toronto Sun* 18 July 1993; *Montreal Gazette* 5 Oct 1993; *Daily Gleaner* 12 Aug 1992, 14 Jan 1993; *Halifax Chronicle Herald* 12 May 1994; *Weetamah* 23 March 1994.

Council that "seven to 10 American gaming firms are wooing reserve leaders" (*Montreal Gazette*, 6 November 1993,pA6). The Council eventually chose Grand Casinos Inc. who already manages two reservation-based casinos in Minnesota, and is developing three others in Louisiana and California (*Montreal Gazette*, 17 April 1994, pA1).

POTENTIAL ECONOMIC BENEFITS

ANTICIPATED JOBS AND REVENUES

To many of the First Nations communities the gaming industry represents a potential economic panacea. Plans for large-scale casino developments are usually accompanied by projections of sizable profits and an abundance of jobs. A U.S. developer associated with the Woodstock First Nation's \$10 million casino proposal projected that the facility would create up to 600 jobs. The band has a membership of 597 (*Daily Gleaner*, 12 Aug 1992, p3). A band councillor for the Osoyoos First Nation predicted that a proposed \$60-million casino resort would create "at least 200 jobs" (*Penticton Herald*, 13 October 1993, p1). These predictions, however, are modest compared with some: the Nanaimo First Nation anticipates that its proposed \$40 million casino resort would create 1500 jobs and generate \$50 million in annual revenues (*Victoria Times Colonist*, 18 September 1992, pA1); a proposed \$75 million complex at Kahnawake is expected to produce 2500 to 3000 full-time and part-time jobs, and bring in a \$50 million first year profit (*Montreal Gazette*, 5 Oct 1993, pA1).

It is unclear from the media reports if job predictions represent direct jobs only, or if they include induced employment -- that generated from anticipated spin-off business activity; nor is it clear whether the projections are for employment during the construction or the operations phase of the projects.

It is beyond the scope of this paper to evaluate whether or not the revenue

and employment projections are realistic. It should be noted, however, that Beare and Hampton's (1984) study of legalized gambling found that "profit and revenue potential is often overestimated by politicians and entrepreneurs of legal gambling" (1984:3). It is also likely that the economic forecasts have been influenced by the experience of reservation-based gaming in the U.S.. It is essential, therefore, to analyze the applicability of the U.S. Indian gaming industry to the Canadian situation.

APPLICABILITY OF THE U.S. SITUATION

The extraordinary prosperity of so many tribal gaming operations in the U.S. provides an impressive yardstick by which to measure the economic potential of the Canadian Aboriginal gaming industry. When evaluating this potential, however, it is important to recognize that there are a number of differences between the Canadian and American contexts.

The most salient difference is a legal one: U.S. tribes are not bound by state civil gaming regulations, whereas Canadian First Nations, according to the current interpretations of Canadian law, are bound by provincial gaming regulations. In short, U.S. law gives a comparative advantage to reservation-based gaming -- even if states respond by relaxing their own regulations, non-tribal commercial operators still must pay taxes; Canadian law gives provinces the advantage by allowing them to restrict the activities of their competition.

The consequences are profound. Although Canadian bands have threatened to defy the regulations, the counter-threat of prosecution and the seizure of equipment has, in most cases, been a sufficient deterrent. Where bands have proceeded with operations which do not conform to regulations, they have generally been reluctant to follow through with plans for expansion.

Even if the present legal context in Canada were to change -- most likely through a decision by the courts affirming the right of Aboriginal peoples to regulate gaming as one which is assumed within their inherent right to self-government -- it is doubtful if Canadian First Nations could expand gaming on the same scale as some of the tribal operations to the South.

There are a number of reasons for this. First, the Aboriginal gaming industry in Canada would face stiffer competition than the tribal gaming industry in the U.S.. Tribes in many U.S. states were given a head start on their competitors. Before the advent of reservation-based casinos, casino gaming in the U.S. was restricted to two concentrated pockets of activity in Atlantic City, New Jersey and Las Vegas, Nevada. Outside of these states, Native Americans had a virtual monopoly on large casino developments.

In Canada, while legal restrictions have stifled Aboriginal gaming aspirations, the provinces have expanded their own commercial gaming operations: Quebec and Manitoba have already opened large commercial casinos and another in Windsor, Ontario, is under construction. As well, some provinces such as British Columbia and Alberta have highly developed charitable casinos which will provide direct competition to smaller Aboriginal casinos. It seems, therefore, that in most provinces Aboriginal people will not have a monopoly on casino gaming.

Not only will Aboriginal casinos have to compete with domestic operations, but for those communities which are close to the U.S. border, they will also have to compete with casinos to the South. Proposed casinos in New Brunswick, for instance, would have to compete with the enormous operation of the Machantucket Pequot tribe in Connecticut, and a proposed \$10-million hotel-casino complex near the Canadian border with Maine announced by the Passamquoddy tribe (Symons 1993:23). A proposed casino on the Garden River First Nation reserve at Sault Ste. Marie would have to compete with the Vegas Kewadin casino and hotel complex just across the St. Marys River in

Michigan (*Macleans*, 16 March 1992, p18). Bands in southern Manitoba would have stiff competition from the hugely successful operations in Minnesota (CBC *Prime Time News*, 3 February 1993; see also *Indian Gaming Magazine*, October 1993), and both southern Manitoba and southern Saskatchewan bands would have to contend with established casinos in the southern half of North Dakota (*Regina Leader Post*, 21 January 1994, pA1) and a proposed casino just south of the border (*Saskatoon Star Phoenix*, 26 March 1993, pA15). Any Aboriginal casinos established in southern British Columbia would have to compete with tribal operations close to the border in Washington state (*Vancouver Sun*, 7 February 1992, pD1; *Victoria Times Colonist*, 8 September 1993, pD10; see also *Indian Gaming Magazine*, October 1993).

In addition to differences in the legal and competitive contexts, there are also important demographic differences. The U.S. gaming market, as measured by national population, is ten times greater than the Canadian one. As the majority of the Canadian population is concentrated within a southern belt, and the majority of Aboriginal communities lie within the more sparsely populated northern regions, the relative difference in population densities is likely more pronounced surrounding Indian lands. Cordeiro's (1992) study of tribal bingo operations in the U.S. calculated average populations within a 50-mile radius of the site to be over 1 million. Of the 11 U.S. gaming operations considered by BomCor Associates (1990), data for the population within a 60-mile radius was available or estimated for 9 operations, and averaged over 1.4 million. The other two operations were either adjacent to an urban population, or within 15 miles of a resort destination.

Finally, there appear to be significant differences between the attitudes of the Canadian and American public toward Aboriginal gaming. These attitudes would presumably affect the propensity of the local population to participate in the industry. Feldman (1993) summarized the findings of a number of public opinion surveys in the U.S. as follows:

The American people strongly support the right of Indian tribes to operate and expand class III gaming facilities on

their reservations. A broad array of recent public opinion data, collected at both the national level and within selected states, clearly demonstrates that the public generally supports Indian gaming, at the same time that it is ambivalent at best about expanding non-Indian gaming activities (1993:1).

Specifically, a Harris Poll released in October 1992, indicated that 68 percent of 1,205 adults surveyed on a nation-wide basis (excluding Nevada and New Jersey) believed that Indian reservations should be allowed to open and operate casinos on their land (1993:1). In Washington state, 62 percent of 544 adults surveyed in August 1992 supported Indian gaming (1993:2). In California, a November 1992 survey of 544 adults revealed even stronger support -- between 62 and 75 percent approved of allowing various forms of class III gaming (1993:4). Similar results were reported in Kansas and Arizona.

Results of an Angus Reid Group (1993) survey of 2,129 Canadian adults were substantially different. A full 59 percent of respondents "strongly opposed", and an additional 14 percent "moderately opposed" the development of casinos on Native land (1993:21). Only 15 percent of Canadians indicated that they would be interested in gambling at a Native casino (4 percent "very interested" and 11 percent "somewhat interested"). While the interest in participating was, at 40 percent, substantially higher among the 398 respondents who had visited a casino in the past two years, almost half of this group nonetheless indicated that they were "not at all interested" in visiting a Native casino (1993:14). By comparison, 90 percent of all respondents were interested in visiting a Native heritage site. In general, the interest in and support for Aboriginal gaming was substantially higher in the provinces of Manitoba, Saskatchewan, and British Columbia, than it was in the Atlantic provinces and Quebec (1993:21).

The legal status of Native gaming in the respective countries appears to have significantly influenced public opinion. In the U.S., where tribes have a legal

right to regulate gaming on their lands, Feldman notes:

data show that many people support Indian gaming activities...because Indian tribes, as sovereign governments, should be allowed to decide for themselves what types of gaming occur on their reservations (1993:1).

No such sentiment exists in Canada, where bands do not have a legal right to regulate gaming: the Angus Reid data reveal that 80 percent of respondents believed that Aboriginal people should not have the right to develop gaming operations without government approval.

SPIN-OFFS

Although the direct benefits of Aboriginal gaming proposals in Canada are regularly forecast, there has been no attempt to assess the extent to which the revenues and jobs would lead to indirect or "spin-off" benefits. Indirect benefits could be realized in two general ways. First, a gaming operation could lead to increased spending in the community: wages, or a portion of wages, earned at the facility would be spent locally, and visitors to the facility might spend additional monies on local accommodation, meals, souvenirs, etc.. Second, the purchase of goods and services during the construction and operation of the facility could create business opportunities for local vendors and suppliers. Third, the use of gaming revenues could induce indirect economic benefits: if they are used for community projects which create additional employment; if they provide capital for the formation of individual or community businesses; or if they are used to fund social programs which, by addressing problems such as alcohol and substance abuse, might improve the community's capacity for economic development.

There are various economic predictors of the amount of spin-off economic activity induced by the gaming industry. Robinson (1993) used the U.S. Department of Commerce RIMS multiplier series to estimate the number of

additional jobs supported by reservation-based gaming. This method predicts that one job at a gaming facility induces an additional 1.4 jobs in the host economy (1993:13).

The Coopers and Lybrand Consulting Group (1993) used a number of models developed for the Ministry of Culture, Tourism and Recreation to determine the economic impacts of a series of proposed casinos in Ontario. The FAIM (Financial Assessment and Impact Model) and RIM (Regional Impact Model) were used to measure the impact of construction and operational expenditures on the provincial and regional economies. The Ministry's MTR 12 model was used to measure the provincial and regional impacts of visitor expenditures on non-casino items.

For the proposed Windsor casino, the models predicted that a job related to the construction and development of the site would create an additional .5 of a job in southwestern Ontario; a job in operations will induce an additional .61 of a job; and a job created by visitor tourist expenditures would induce an additional .44 of a job (1993:24). For the smaller market areas, the multipliers were significantly less. For Sault Ste. Marie, for instance, jobs associated with capital, operations and tourist expenditures were expected to induce an additional 0, .29 and .18 jobs respectively in the region (1993:32).

There is every reason to believe that, in the short term at least, the multipliers associated with casino developments in First Nations communities would be small. The multiplier effect in a given economy only is strong if money entering the economy is reinvested within that economy. In most Aboriginal communities, the economies are characterized by severe economic leakage.

The potential for gaming developments to lead to spin-off economic growth in Aboriginal communities will in part depend on the extent to which gaming revenues are used to stimulate the development of retail businesses which can, in turn, capture a percentage of wages and the tourist dollar.

Another key consideration is the source of those revenues. It is generally held that unless gaming operations succeed in developing a significant non-local clientele, they will not create any net-economic benefit for a community (see Beare and Hampton 1984:3-4; Coopers and Lybrand Consulting Group 1993:18; *Canadian Press*, 29 October 1993). In the words of University of Nevada-Las Vegas professor William Thompson: "it only works if you can import gamblers, otherwise, you are just diverting money..." (Symons 1993:23). The diversion of money would presumably come at the expense of other recipients of discretionary spending such as restaurants, movie theatres, etc.. In many Aboriginal communities, however, a significant proportion of discretionary income is spent outside the community. In this context, gaming in Aboriginal communities may help to decrease net economic leakage by capturing spending which otherwise would have left the community.

THE SOCIAL IMPACT OF GAMING

There is an astounding lack of information on the social impacts of gaming activities in Native communities in Canada and the United States (Volberg 1994; Campbell 1994; Ponting 1994; Jacobs 1994; Barsony 1994).

As a result, projections of what the social impacts of expanded gaming in Canadian Aboriginal communities would be are largely speculative, and widely varied. Expanded gaming is seen as having the potential both to exacerbate and to remedy existing social problems.

GAMING AS A TOOL FOR SOCIAL DEVELOPMENT

THE TANGIBLE IMPACTS: THE USE OF GAMING PROCEEDS TO SUPPORT COMMUNITY PROGRAMS

Economic prosperity and self-sufficiency will lead to improved social conditions -- such is the presumption of those who argue that expanding gaming activities in Canadian Aboriginal communities will bring positive social impacts. Not only could successful gaming operations significantly reduce or even eliminate unemployment on reserves, but they also could provide substantial funding to advance community social development strategies. With supporting evidence from a myriad of case studies of U.S. tribal operations, the argument is a compelling one.

In general, a portion of gaming proceeds accruing to U.S. tribes is used to expand the operations and to repay the debt on the initial facility. The balance is made available for the benefit of the community, which has included initiatives in education, health care, housing, infrastructure, policing, tribal administration, and economic development (Midwest Hospitality Advisors, Marquette Partners 1992:VI-4; BomCor Associates 1990:49-50).

The Mille Lacs band of Chippewa Indians in Minnesota has recently established primary and secondary schools on the reservation (*Gaming and Wagering Business* 15(1):18). The tribe is also building a medical clinic and water tower and treatment plant to address the reservation's chronically poor water supply. The 45-percent unemployment rate on the reservation before the introduction of casino gaming has been reduced to nil (*Indian Gaming Magazine*, October 1993:10). For the Shakopee Mdewakanton Sioux Tribe further south in Minnesota, casino operations have brought free health care and college tuition, new homes, a sewer and water system, and new roads (*Indian Gaming Magazine*, October 1993:10).

In Wisconsin, gaming revenues have enabled the Oneidas near Green Bay to buy, build, establish, or support: a nursing home, a community health centre, a "Home Service Program" which addresses alcohol abuse and domestic violence, an income maintenance program with food stamps, a fitness centre, 252 homes, a senior citizen centre, a mobile home park, a daycare, a primary school, a Public Safety Dept. for policing on the reservation, and a building to house tribal headquarters (BomCor Associates 1990:49-50).

In California, benefits of gaming for the Sycuan tribe near San Diego have included education funds, a loan guarantee program, a community health plan, housing, water and sewer facilities, and a tribal police force and fire department (BomCor Associates 1990:40). Similar benefits have accrued to the Cabazon tribe near Palm Springs (*Seattle Post-Intelligencer*, 26 July 1993).

In Canada, the more moderate gains from gaming operations have also gone to support social objectives. Revenues from the monster bingos at Eagle Lake, which are thought to bring in more than \$1.2 million annually, have been used to fund a new gymnasium, an arena, a tourist lodge, reserve housing improvements (*Native Issues Monthly*, January 1994, p25), and a community centre with classrooms for a local school (Canada 1987:14). The Dakota Tipi band south of Portage, Manitoba, has completed a \$3-million housing project with revenue from its highly successful Bingo Palace (*Native Issues Monthly*, February 1993, p20).

Similar evidence was given at RCAP community hearings. Chief Stewart Paul of the Tobique First Nation told the Commission that revenues from their high stakes bingos have been used to fund a sports complex (Tobique, NB 92-11-02). Glen Williams, Chairperson of the Board of the Gitwangak Education Society, related how monster bingo proceeds have been used to support an initiative to establish a pre-school immersion program in Gitskan language and culture (Kispiox, BC 92-06-16). In Port Alberni, Bunt Cranmer, the President of United Native Nations Local 144, told the Commission that proceeds from various gaming fund-raisers such as a weekly bingo have financed \$4,000 scholarships for Aboriginal post-secondary students, sports equipment and musical instruments for primary and secondary students, and a \$75,500 donation toward an old-age home project (Port Alberni, BC 92-05-20).

It is apparent from RCAP community hearings that small scale gaming activities -- most often bingos -- are used widely by Aboriginal community Friendship Centres and other organizations which address community social needs. Various groups conveyed that these activities were necessary to supplement operating expenses due to chronic underfunding (see Yellowknife, NWT 92-12-08, Brenda Bernhardt-Mcnabb, NWT Council of Friendship Centres, Chairperson; Brandon, MAN 92-12-10 Brenda Genaille, Brandon Indian and Métis Friendship Centre; Lac La Biche ALTA 92-06-09, Bertha Clark). Others, such as Caroline Solomon of the Nain Women's Group, indicated that bingo proceeds were their only source of funds (Nain, NFLD 92-11-30).

THE INTANGIBLE IMPACTS: GAMING, ECONOMIC DEVELOPMENT, AND HOPE

Schools, community and recreation centres, medical clinics, elders' residences, housing improvements, etc., provide tangible symbols of the potential positive social impact of gaming. It seems, however, that gaming

activities have also had some not so obvious impacts. In some communities where poverty and despair have, for countless years, been part of the fabric of everyday life, gaming has provided potential for economic development, and a much needed source of hope.

Chief Len Tomah of the Woodstock First Nation in New Brunswick described the importance of a proposed casino for the community as follows:

"It's a vision, and our people must have something to look forward to...We have teenagers here and what do they have for a future if something like this doesn't happen? The same poverty we've seen through our lifetime"
(*Daily Gleaner* 12 Aug 1992, p.3).

For a dealer working with the Chippewa of the Thames First Nation's travelling casino, the job represented a chance for a brighter future:

"It was nerve-racking at first, but I think I can do this. I think it can be a permanent job. Maybe I can start saving for the future now" (*Toronto Star*, 25 March 1993, pA21).

When casino jobs disappeared, as they did temporarily after the White Bear First Nation's casino was raided by the RCMP, there was profound disappointment. A 21 year old employee, Monica McArthur, described her reaction to the closure:

"It hurt. It really hurt because you wake up and there's no...there's nothing to do. You're totally...you're lost there. Like you're excitement is gone.....It was the longest month ever between the time of the raid until the time that we reopened. I was never more happy to come back to work when we reopened" (CBC/CBO *Sunday Morning*, 31 October 1993).

Band employee Bev Brady explained that the jobs represented much more than a pay-cheque:

"It was their first chance to deal with society professionally. Their attitudes improved. They had a chance to glow"
(*Saskatoon Star Phoenix*, 25 March 1993, p.A1).

THE CHANGE IN SOCIAL INDICATORS

Whether or not the positive tangible and intangible impacts of casino development have in fact led to lower rates of addiction, abuse, crime, suicide, etc. is not well documented. Often the facilities and programs funded through gaming proceeds, and the number of jobs generated for Native people are enumerated, and it is assumed that these are adequate proxies for positive social benefits. There have been some references in the literature to the positive changes in social indicators, but these appear to be based on observation rather than the findings of research studies.

When questioned about the likelihood that expanded gaming in British Columbia First Nations communities would lead to higher rates of crime and addiction, Chief Sophie Pierre of the Saint Mary's Band near Cranbrook, a former member of the BC Gaming Commission, cited the experience of tribal operations:

"If you look at the American experience, and that's really the only thing that we can look at, what it in fact has done, is it has provided employment for the people, it has brought back their self-respect in terms of having a job, of having an income, of having something that they can be proud of. The actual opposite has happened in those communities from what all these dire predictions that are going on. You take an Indian community right now where there is high alcoholism, there is high suicide rates, there's no employment, there's no self-respect, you take that community, and you give them an opportunity where they can develop their own economic base, and you find that all of those usual indicators of an Aboriginal community are totally changed around" (CBC/CBU, 10 May 1993, 7:20 AM).

On a similar note, Dr. Robert Hathaway, CEO of the Economic Development Commission of the Sault Ste. Marie Tribe of Chippewa Indians, speaking at a community meeting of the Walpole Island First Nation in Ontario, said that the casino opened on their reserve in 1985 has led to a decrease in social problems, mainly because unemployment has been wiped out (*Native Issues*

Monthly, May 1993:13).

GAMBLING AS A SOCIAL PROBLEM

Gambling is associated with a number of social problems - most often with crime, corruption, and addiction. It is considered by some members of Aboriginal communities to be among a list of destructive social behaviours.

At an RCAP community hearing in Thompson, Manitoba, Freda Lundmark, leader of the Metis Women of Manitoba (MWA), Thompson Region, presented some of the highlights of an MWA regional conference. She explained that the conference had addressed various questions. Among these was:

"What type of social conditions are presently affecting the Metis women? As usual, it was drug and alcohol abuse, family and child and spousal abuse, unemployment, teen pregnancy, discrimination, sexual harassment, poverty, *gambling, bingo*, bootlegging, gas and glue sniffing, lack of education" (Thompson, MAN 93-05-31) (emphasis added).

In a similar vein, Lorne Smith, a youth worker with the Peigan Nation Youth Centre, told RCAP of the efforts of the Centre to prepare the youth to assume positions of responsibility under self-government:

We are more or less trying to get them over their low self-esteem, get them over following the stereotype of what they fall into -- going to get drugs, falling into alcoholism, *going to bingo*, things like that (Lethbridge, ALTA 93-05-25) (emphasis added).

For those who view gambling as a destructive behaviour, the prospect of an expanded Aboriginal gaming industry provokes fears that it will contribute to social problems and interfere with the process of healing.

PROBLEM GAMBLING

In the literature, the negative social impacts of gaming are associated almost exclusively with the issue of "problem" or "pathological" gambling.

Pathological gambling, and problems derived from it, for instance, are the only "social costs" mentioned in the Coopers and Lybrand Consulting Group's study for the Ontario Casino Project (1992:62-69).

DEFINITION

There are various explanations for, and assumptions about, gambling behaviour which causes a significant adverse impact on the life of the gambling participant. These explanations and assumptions are reflected in the assortment of terms used to describe such behaviour.

The term most generally used and recognized by lay audiences is *compulsive gambling* (Volberg 1993a, 1993b; Walker 1992:170; Smith, Volberg and Wynne 1994:11). This originates from the interpretation of gambling as a disorder of impulse-control, as it is characterized by the diagnostic manual of the American Psychiatric Association (APA) (Walker 1992:171). The term *compulsive gambling*, however, has been abandoned by those in the medical community because gambling behaviours do not share many of the characteristics of compulsive neurosis: gambling is often a source of excitement and is enjoyed; compulsions are acts performed despite the negative feelings generated (1992:168-169).

While excessive or 'maladaptive' gambling behaviour is still considered a disorder of impulse control, the term now used by the APA and members of the medical community to describe such behaviours is *pathological gambling*. This definition reflects the interpretation of maladaptive gambling behaviours as an addiction. The diagnostic criteria used by the APA are now very similar to those used for the diagnosis of *psychoactive substance dependence* (Walker 1992:179). Like

substance dependence, the disorder is thought to be chronic and progressive. The medical definition also suggests the presence of biological or physiological abnormalities which distinguish pathological gamblers from other frequent "social gamblers" (Volberg 1993b:1; Walker 1992:172; Smith, Volberg and Wynne 1994:11).

A term used frequently both by medical professionals and the general public is *problem gambling*, which broadly describes any patterns of gambling behaviour which "compromise, damage or disrupt personal, family or vocational pursuits" (APA 1987; see Smith, Volberg and Wynne 1994:11). The term includes *pathological gambling* at one end of a continuum of disruptive gambling behaviours, but implies that non-pathological forms of gambling behaviour can nonetheless have a variety of negative impacts.

PREVALENCE

A number of studies have estimated the prevalence of problem and pathological gambling in different jurisdictions. These studies almost always use a diagnostic tool called the South Oaks Gambling Screen (SOGS), which was developed using the criteria in the APA diagnostic manual. The SOGS weighted criteria include:

hiding evidence of gambling, spending more time or money gambling than intended, arguing with family members over gambling, and borrowing money to gamble or to pay gambling debts (Volberg 1993b:5; Smith, Volberg and Wynne 1994:20).

Respondents who engage in these types of behaviours more often will obtain a higher 'score'; a score of 3 or 4 identifies the respondent as a *problem gambler*, whereas a score of 5 or more classifies the respondent as a *probable pathological gambler*. The term "probable" is used because the SOGS can only identify the presence of behaviours which point to the probability of a respondent having a medical pathology.

The SOGS was revised for more recent studies to allow for a distinction between "lifetime" and "current" problem and pathological gamblers. The former have exhibited the behaviours at some point in their lifetime, whereas the latter have demonstrated them within the past year (Volberg 1993b:5; Smith, Volberg and Wynne 1994:11).

In general, the prevalence of *lifetime* problem or pathological gamblers in different North American jurisdictions have ranged from 1.7 to 8.6 percent, and are most often between 3 and 5 percent (see Smith, Volberg and Wynne 1994:18 and Insight Canada Research 1993). A number of Canadian provinces have been found to be at the high end of this range. Lifetime prevalence rates were found to be 7.8% in British Columbia and 8.5% in Alberta (Gemini Research and Angus Reid 1994:41). Ontario, at 8.6% tops the scale, as 7.7 percent of a sample of 1200 telephone respondents were considered problem gamblers and an additional 0.9 percent were considered probable pathological gamblers (Insight Canada Research 1993). It should be noted, however, that these Canadian studies used the modified version of the SOGS, which may limit their comparability with some other jurisdictions.

In other Canadian provinces, the rate for *current* probable pathological gamblers has been estimated at 1.3 percent in Manitoba, 1.4 percent in New Brunswick, 1.4 percent in Alberta, and 1.8% in British Columbia. The estimated prevalence of *current* problem or probable pathological gamblers combined was 4.5 percent in New Brunswick, 5.4 percent in Alberta and 3.5% in British Columbia (Smith, Volberg and Wynne 1994:111; Gemini Research and Angus Reid Group 1994:38).

The only study specifically addressing problem gambling among an Aboriginal population in North America was conducted by Volberg (1993b), who targeted Native Americans in North Dakota. The results of this study indicate very high prevalence of problem and probable pathological gambling. According to revised SOGS scores, 7 percent of the sample are lifetime probable pathological gamblers and an additional 7.5 percent are lifetime problem gamblers. The combined lifetime prevalence of 14.5 percent compares with

a rate of 3.5 percent for the general population in North Dakota. The combined current prevalence of combined problem or probable pathological gamblers was 12.3 percent, which compares with 2 percent in the general population.

DEMOGRAPHIC PROFILE OF THE PROBLEM GAMBLER

In general, available data indicates that problem (including pathological) gamblers are generally more likely than the general population to be male, under the age of 30, unmarried, non-Caucasian, and not to have completed high-school (Coopers and Lybrand Consulting Group 1993:65). As the prevalence of these characteristics are measured relative to those of the general population, it should not be inferred that the majority of problem gamblers fit these criteria.

It is also apparent that this profile is not consistent across all jurisdictions (see Volberg and Silver 1993; Smith, Volberg and Wynne 1994), and that there may be significant differences between the demographic profile of problem gamblers in the general population and those in Aboriginal communities. Volberg (1993b), for instance, found that Native American problem gamblers in North Dakota are more likely to be female than male.

OTHER ADDICTIONS

A number of studies have explored the links between substance abuse and problem gambling. Some research has focused on substance abusers in order to determine if they also have problems with gambling. Lesieur (1989:235) cites a study of 458 alcohol and drug dependent inpatients which found that 9 percent were diagnosed pathological gamblers. The correlations were higher for patients abusing a combination of alcohol and drugs, and

highest, at 18 percent, for those patients abusing drugs, but not alcohol. In another study cited by Lesieur, 14 of a sample of 100 multiple substance abusing patients were classified as probable pathological gamblers, and an additional 14 were problem gamblers. Research by Elia and Jacobs (1993) suggests that the cross-addictions may be more pronounced in Aboriginal populations. They found that among patients undergoing treatment for alcohol and drug abuse, 41% of Native American compared with 21% of Caucasian patients were also problem gamblers.

Research which has focused on problem gamblers has also revealed high incidence of co-addiction with alcohol and substance abuse. In two studies of Gamblers Anonymous members, it was found that about half also experienced problems with alcohol and/or drugs (cited in Lesieur 1989).

THE TYPE OF GAMING

Research in Australia and Canada has linked problem gambling with types of gaming that are continuous -- that involve rapid cycles of stake, play and determination (cited in Smith, Volberg and Wynne 1994:52). As such, slot machines, VLTs, casino games, bingo, and instant/scratch tickets would be considered more potentially addictive than activities such as lotteries and raffles which involve a significant delay in finding out the result of the wager.

Research on the relative addictive qualities of different continuous forms of gaming is scarce. It is noteworthy, however, that the motivation to play bingo in Aboriginal communities is often associated with social phenomenon. At an RCAP hearing in Toronto, J. Spencer Rowe referred to the social pressure to play bingo in Aboriginal communities:

"On some reserves if you don't go to church, if you don't play bingo and if you don't drink, it's a difficult time for you"
(Toronto, ONT 92-06-25).

In Vancouver, Maggie Hodgson interpreted the motivation to attend bingos as

a manifestation of traditional collective values:

"The issue of gambling, for me, is a manifestation of our need for the collective -- who am I in this new society? If I go to a bingo hall, everybody knows me there -- my god, that sense of collective. I can be in the city, and I can be with other Aboriginal people and I can belong" (Vancouver, BC 93-03-10).

A comparison of Volberg and Silver's (1993) study of gambling behaviour among residents of North Dakota and Volberg's (1993b) study which specifically targets the state's Native American population reveals that Native American problem and non-problem gamblers are more likely to cite "to socialize" as one of their main reasons for gambling. Although Native American problem and non-problem gamblers are significantly more likely to attend bingos at least once a week than are members of the general population, the same is true for most gaming activities. With respect to activities commonly found in casinos, Volberg (1993b) found that while only 2 percent of the Native American non-problem gamblers played slot machines weekly, 44 percent of the problem gamblers did so.

THE IMPACTS OF PROBLEM GAMBLING

The impacts of problem and pathological gambling on the gamblers, their families and the communities in which they live can be devastating. It is apparent, however, that expanded gaming in Aboriginal communities could have social impacts beyond those associated with gambling addiction. These impacts will be considered together in the following sections.

IMPACTS ON THE FAMILY

The literature on problem gambling has identified various negative impacts on the family and family members of a problem gambler. Lorenz (1987), and

Lesieur (1989) have reviewed some of the studies relevant to this issue.

Much of the attention has been directed at the wife of a pathological gambler. Wexler (1981) has suggested that the wife typically experiences three phases through the husband's progressive gambling illness: denial, stress, and exhaustion (cited in Lorenz 1987). During the denial phase, a wife may feel rejected and question the husband's love for her. During the stress phase, typical experiences and feelings include: increasing feelings of rejection; arguments which sometimes lead to physical abuse; increasing frustration and helplessness; and avoidance of friends and family members. During the exhaustion phase, a wife may: doubt her own sanity; eat, drink and smoke excessively; release frustrations through verbal and physical abuse of children; have to deal with collection agencies, loansharks, etc.; and suffer from a high incidence of a variety of maladies. Research by Lorenz and Yaffee (1986) has found that the latter include: chronic or severe headaches, anxiety, palpitations, arrhythmia, irregularities in menses, gastrointestinal problems (constipation or diarrhea), back problems, asthma, severe depression, and suicide attempts (cited in Lorenz 1987 and Lesieur 1989).

Relatively little research has focused on other victims of pathological gambling within the family. Lesieur (1989:226) summarizes the results of a number of relevant studies: Custer and Milt (1985) found that teenagers of pathological gamblers are more likely to run away from home, use drugs, become depressed, and experience psychosomatic illness; Jacobs (1988) confirmed findings of higher drug use and depression, and also found an increased likelihood of suicidal feelings and psychosocial maladjustment; and Lorenz and Yaffee (1988) found no statistically significant differences in the rates of psychosomatic illnesses between the children of pathological gamblers and children in the general population.

Concerns were expressed at RCAP hearings about local bingos acting as a drain not only of disposable income, but also of income essential to family

well-being. In Iqaluit, for instance, Ineq Korgak expressed her opinion that

"the cost of buying fresh fruit and vegetables is beyond the scope of many Inuit people who have inadequate household incomes, or choose to spend their money on junk food, alcohol, cigarettes or gambling" (Iqaluit, NWT 92-05-26).

As well, the issue of children being left alone while parents are away gambling was addressed in relation to community bingos. This issue was clearly applicable to the children of regular frequent gamblers, as well as pathological gamblers. Ms. Lorna Standingready addressed the RCAP hearing in Regina and mentioned that the concerns of Aboriginal people in the city included "eight year olds babysitting younger ones while the parents are out drinking or at bingo" (Regina, SASK 93-05-11). In Lac La Biche, Bertha Clarke related the problem to teenage run-aways:

"I think while we are out volunteering for bingos and lottos, we are losing our families. Our children, the older children are usually babysitting and, consequently, it is a hardship on that oldest child. The child as soon as they are old enough they run away from home because they do not want to babysit any longer" (Lac La Biche ALTA 92-06-09).

In Vancouver, Maggie Hodgson linked the problem to suicide, violence, and alcohol abuse:

"If I look at suicide, if I look at violence and if I look at pain of children, in a study that we did, the people who developed a drinking problem developed a full-blown problem at age 13. If they develop a full-blown problem by age 13 they are going to develop that problem when they are left home babysitting. Their parents meet them at the door and they go to bingo, and those kids take care of the younger kids" (Vancouver, BC 93-03-10).

In Eskasoni, Dr. Marie Battiste, a Micmac Cultural Curriculum Coordinator for the Eskasoni School Board, told the Commission that the problem has affected the socialization of children. This process, she asserts, "can have the effect of providing continuity and stability to children or it can have the effect of crippling children" (Eskasoni, NS 92-05-07). As such, she argues:

Our community needs to come to grips with the fact that they have a responsibility early in the ages of their children to teach them the language, but also to teach them, you know, and to have them listen to their elders and to be given opportunities to have more extended conversations and listening experiences with elders. I think that sometimes in our communities, as in other communities, that other things begin to take precedence. You know, bingo and some of the other things sort of take away children from parent and elder time (*Ibid*).

It should be noted that the issue of "bingo orphans" was applied to the children of both bingo patrons, and bingo volunteer employees. As such, the problem may also pertain to the employees of proposed Aboriginal casinos. Casinos operated by First Nations will likely employ a large number of local residents. For those with children, it might prove difficult to be at home for them: if commercial casinos are not open 24-hours, their hours of operation certainly include evenings, and usually extend well into the morning hours.

IMPACTS ON THE COMMUNITY

A common perception about an expanded Aboriginal gaming is that it can lead to divisiveness and conflict within host communities. The perception is based on the assumption that there are those within communities who welcome the economic opportunities associated with gaming, and others who fear that the gaming industry is not in keeping with, and is a threat to traditional culture.

It would appear also that these perceptions have been shaped largely by the events at Akwesasne where the issue of casino gambling sparked much publicized violent confrontations between Mohawks opposed to casino gambling and those who supported it. The latter were backed by the militant Warriors Society. The violence escalated through late 1989 and early 1990, and reached its zenith on May 1 during an all night gun battle which left two men dead.

The violence at Akwesasne appears to be an anomaly in the history of reservation-based gaming in the U.S.. While it is beyond the scope of this paper to include an analysis of the reasons behind the conflict, it is noteworthy to highlight several facts which distinguish the gaming situation at Akwesasne from those of other reservations.

First, the political and jurisdictional context is complex. The community is located at the intersection of New York state, Ontario and Quebec which means that five external governments (two federal, two provincial and one state) have some relationship with the community. Within Akwesasne, there are three government bodies. The Akwesasne Mohawk Nation Council, which presides over the entire territory, is the traditional level of government and is not recognized by either federal government. The Mohawk Council of Akwesasne was established by DIAND and has jurisdiction on the Canadian side of the territory. Its American counterpart is the St. Regis Tribal Council (see Johansen 1993:xxiv).

Second, the eight casinos along Route 37 on the U.S. side of the border were illegal - not only did they violate U.S. law, but they also operated without approval from the local government bodies. Finally, the casinos were individually, not tribally owned. While a small portion of the proceeds went to support the St. Regis Tribal Council, in general the enormous profits accrued to the casino owners.

Although the growth of the tribal gaming industry has not led to similar violence and disorder in other reservations, expanded gaming is nonetheless an issue which is potentially divisive.

The issue of gaming naturally provokes mixed reactions.² Clearly, the

²See, for example, BomCor Associates (1991), Exhibit B. In a survey of members of the Six Nations First Nation, participants were asked "When someone mentions gaming, what

members of some First Nations are squarely behind the idea of establishing a casino in their community. Members of the Garden River First Nation, for example, who live across the river from a very successful tribal casino in Michigan, overwhelmingly endorsed setting up a casino operation on the reserve in a community referendum (*Toronto Star*, 2 November 1992, pA10). The issue, however, does not always provoke such unanimity (see *Victoria Times Colonist*, 16 September 1993, pB1; *Montreal Gazette*, 16 May 1994, pA3). In response to a proposal to establish a \$40-million casino on the Walpole Island First Nation reserve near Walleceburg, Ontario, a community resident gathered 400 names on a petition opposing the development, and a group of the community's high school students undertook a similar petition (*Native Issues Monthly*, May 1993:13).

Even if gaming facilities are communally owned, and the proceeds used for the benefit of the community, the initial period of decision-making regarding a proposed expansion can be highly charged. In an exploratory paper prepared for the second National Symposium on Gambling, J. Rick Ponting noted that

casino gambling is an undertaking with very high stakes. The very fact that the stakes are so high -- that individuals and the community as a whole stand to lose so much and hope to gain so much -- could make it extremely difficult to resolve conflict around this issue (Ponting 1993:8).

Gaming developments may also affect the power structure within Aboriginal communities. Ponting argues that if casinos are privatized, then casino owners will wield significant political power through their capacity to provide employment for community residents. As such, they would be in a position "to challenge or undermine the legitimacy of existing political leaders...at the first sign of [their] seeking to curtail gaming operations" (1993:7). Indeed, this argument reflects the experience of Akwesasne with privatized gaming.

comes to your mind?". Of the 367 responses which showed a clear positive or negative word association, 207 were negative (eg. losing, Mafia, Akwesasne, crime, drugs, booze, greed, addiction, etc.), and 166 were positive (eg. winning, fun, fundraising, good times, relax, friends, etc.).

The use and distribution of gaming proceeds are also a potentially contentious issue. In late October, 1993, members of the Mille Lacs Tribe in Minnesota picketed outside the Mideast Indian Gaming Expo and Conference at which their chief executive, Marge Anderson, was receiving an award for leadership in the industry. The most common protest concerned a lack of financial accountability. According to Anderson, the protestors were off-reservation, urban members of the tribe, who did not benefit from the gaming operation because the tribe did not distribute gaming proceeds through per capita payments (*Gaming and Wagering Business*, 15 December 1993, p46).

There is potential disagreement among tribal members not only over whether per capita payments should be made, but also over whom is eligible to receive these and other gaming related benefits. In some tribes, for instance, one has to be able to trace at least 25 per cent of one's bloodline to that particular tribe in order to collect benefits (*Gaming and Wagering Business*, 15 December 1993, p46). For some individuals, the financial significance of these eligibility criteria is enormous.

Ponting (1993) suggests two other possible social impacts on the community. First, he surmises that if gaming were to become a dominant institution in an Aboriginal community, then the role of elders may be reduced:

In a narrow sense, elders have little expertise or relevance to the operations and environment of casino gaming, *per se*.... In First Nations which become focused on casino gambling, the elders could be relegated to figureheads, if incorporated at all, and their role in uniting the community and linking it with its past could become an anachronism (Ponting 1993:9).

Ponting is also concerned about the potential impact on youth. He surmises that a successful gaming operation, by creating a significant number of readily available low-skilled jobs, may lead to a rise in school drop-out rates. This might compromise the potential for long-term community development, and

might leave the youth ill-equipped to take advantage of subsequent opportunities created by economic diversification (1993:10).

IMPACTS ON CULTURE

Any analysis of the potential impact of expanded gaming on the cultures of Aboriginal communities must cover some controversial ground. This is because the issue has some bearing on arguments used to advance the right of First Nations communities to regulate their own gaming activities. These arguments relate to the fact that gambling games have long been part of the culture of various Aboriginal groups (BomCor Associates 1990:6; Starr 1987:35) -- this premise is well established. As noted previously, it is argued that since these activities were a part of pre-contact society, "gambling" should be considered an Aboriginal right.

In the context of cultural impacts, proponents of expanded gaming have argued that impacts will not be negative because gambling activities are part of, and consistent with traditional culture. Some, however, have questioned the cultural applicability of historical gambling games to the current commercial gaming environment. They argue that the values which surround commercial gambling, far from being consistent with traditional values, are more akin to those of materialism and greed.

In a presentation at an RCAP community hearing in Sarnia, Colleen Nadjiwon-Johnson, a Life Skills Coach, expressed her opinion on the prospect of using casinos as a tool for economic development in Aboriginal communities:

"No matter how one tries to justify such a venture, the concept behind any sort of gambling is greed and of taking advantage of someone's illness or dysfunction in order to relieve them of their money.... I will never be able to condone gambling as a source of economic base. I would like to remind our Native leaders that we have to be careful

not to fall into the greed trap that the non-Native world is just now beginning to realize is causing irreparable damage to the earth or to people's sense of well-being" (Sarnia, ONT 93-05-10).

According to Ponting:

much casino gambling is rooted in secularism and materialism, even among so-called leisure gamblers. As such, it is also potentially a vehicle of assimilation and is diametrically opposed to the spiritualism in which Indian cultures find meaning in life (Ponting 1993:5).

Ponting also worries about the effect that gaming will have on "boundary maintenance", or the capacity of Aboriginal communities to defend their culture against the influence of the surrounding society. He fears that "with the influx of gamblers from off-reserve, the reserve will begin to lose its quality as a refuge against the alien, materialistic, and rapid-paced outside world" (1993:6).

IMPACTS ON CRIME AND CORRUPTION

The general public links gaming activities, and casinos in particular, with crime and corruption. When the Kingsclear First Nation in New Brunswick announced its plans to open a casino in a resort hotel already owned and operated by the band, residents of nearby Fredericton expressed their concern. An editorial in a local newspaper, entitled "Keep Casino Gambling Out", warned residents of the likely consequences of the development:

There is little doubt that casino gambling attracts undesirable elements to the community and sparks an outbreak of crime as people promote the other activities that go along with the gambling craze (*Daily Gleaner*, 12 Jan 1993, p4).

Fredericton Mayor Brad Woodside commented:

"You can't have a casino and not have an increase in your crime rate...All kinds of things which are certainly not desirable for the community will happen - there is just no doubt about it" (*Daily Gleaner*, 15 Jan 1993).

According to the results of an Angus Reid Group survey, these comments are

reflective of Canadian public opinion. The survey found that 69 percent of respondents thought that casinos would have a negative impact on levels of crime and violence in Aboriginal communities; most of these believed the impact would be "very negative" (1993:26).

The relationship between gaming activities and crime has been analyzed by considering links between problem gambling and crime, and links between casinos (and to some extent high-stakes bingos) and both street crime, and organized crime and corruption.

A number of studies have attempted to link problem and pathological gambling with subsequent criminal activity by the gambler. Studies by Lesieur and Lesieur and Klein have found that two-thirds of non-incarcerated and 97 percent of incarcerated pathological gamblers admit to committing crimes to finance gambling activities or pay debts (cited in Lesieur 1989:232). Through interviews, Lesieur found that

compulsive gamblers are engaged in a spiral of options and involvement wherein legal avenues for funding are utilized until they are closed off. As involvement in gambling intensifies, options for funding become closed. Dependent on personal value systems, legitimate and illegitimate opportunity, perceptions of risk, the existence of threats (for example, loan sharks) and chance, the gamblers became involved in more and more serious illegal activity (Lesieur 1989:230; 1987:99).

Crimes related to pathological gambling are usually not crimes of violence. In fact, one study by Lorenz and Shuttlesworth of 144 participants in Gamblers Anonymous found that 12 percent were physically abusive toward their wife, and 8 percent toward their children. These figures are below normal levels in the U.S. (cited in Lesieur 1987:93). In a study of Gamblers Anonymous members in England and Scotland, Brown determined that among the 33 percent who had criminal records, 94.3 percent of convictions were for theft and fraud offenses (cited in Lesieur 1989:232). Lesieur found that while white collar crimes were common, crimes such as burglary, pimping,

prostitution, and drug sales were also committed, and were frequent among imprisoned compulsive gamblers (cited in Lesieur 1989:230).

Various reports have concluded that the casino gaming environment is ripe for increases in criminal activity. Beare and Hampton, in their overview of legalized gambling, summarize some of the findings of the New Jersey Interim Report on Casino Gambling:

casinos draw together all the classic components for large-scale increases in street crime -- a large, transient, tourist population, a permissive social environment, accelerated commercial activity, large amounts of loose money in circulation and an influx of a large number of persons attracted to such an atmosphere for criminal purposes (Beare and Hampton 1984:98).

Indeed, Abrams (1981) details the dramatic increase in reported crimes in Atlantic City in the years following the introduction of casino gambling. Increases occurred not only with non-violent crimes, but also with violent crimes such as murder, rape and aggravated assault (1981:4).

Beare and Hampton also explain why casino operations are a magnet for organized crime. Their reasons include: rapidly circulating, large cash flows; the potential for significant profit; the opportunities for laundering criminal money; opportunities to obtain credit to finance illegal enterprise; and the potential for a mutually financially rewarding relationship between casino management and organized crime (1984:17). They detail how casinos are vulnerable to skimming, theft and tax evasion (1984:97), and the various ways that the extension of credit can be used for fraudulent purposes (1984:101-114; see also Abrams 1981:8-11). In a paper summarizing the findings of the 1984 report on legalized gambling in general and a subsequent 1988 report on legalized gaming in Canada, Beare states:

Our research suggests that gambling operations have a unique ability to corrupt both clients and operators, in addition to attracting those individuals who are already corrupted. The amounts of money involved make the gambling industry vulnerable to systematic, on-going

criminal activity, political corruption, and numerous fraudulent schemes (Beare 1989:179).

The research is based on, and borne out by, experience in various jurisdictions (Beare and Hampton 1984:16). Abrams (1981), for instance, enumerates the many instances of known infiltration of organized crime and political corruption relating to New Jersey casinos (1981:11-23).

In general, existing evidence suggests a link between an introduction of gaming activities and increased crime, but it does not establish that link with certainty. The studies relating problem gambling to crime have focused either on incarcerated individuals or members of Gamblers Anonymous, and these are not representative samples of problem and pathological gamblers in the general population. It is also difficult to make generalizations from the studies dealing with crime and the gaming environment because these rely mostly on evidence from only one location - the area in and around Atlantic City.

The literature also provides no definitive evidence that reservation-based casinos in the U.S. have experienced significant increases in criminal activity. There is nothing to indicate increases in crime levels on reservations with the exception of some scattered reports of increased street-crime in the surrounding area. The Chief of the Mahnomen police station, for instance, oversees a community adjacent to the White Earth Indian reservation in Minnesota; he has indicated that since a casino operation opened on the reservation the "number of calls" to his station have increased three-fold, and his two-man force has had to contend with increases in accidents, assaults and break-ins (CBC/CBOT, *Prime Time News*, 3 February 1993).

As well, there is documented evidence, as a result of an extensive FBI wiretapping operation, of an attempt by organized crime to infiltrate gaming on the Rincon reservation in California. The attempt, however, was unsuccessful (*Los Angeles Times*, 7 October 1991). In Canada, there have been

some allegations by members of an Aboriginal community in Manitoba that some of the proceeds from a charitable bingo stayed with those responsible for the operation (CBC/CBO, *World Report*, 21 January 1993). Considering the extent of gaming activities on Native lands in Canada and the U.S., however, the almost complete lack of documented evidence linking gambling activities with increased incidents of crime is remarkable.

Whether this reflects the true extent of gaming related crime is not known. Significantly, the available literature includes no studies which have directly addressed this issue. As organized and "white-collar" crime is often difficult to detect, it is conceivable that there has been some successful incidents of this sort of criminal activity which is as yet unknown. It is also conceivable that, in some cases, there have been increases in general crime rates which have gone unreported. It would seem, however, that according to spokespeople for tribes with successful gaming operations, crime rates have been positively influenced by decreases in unemployment and the initiation of general socio-economic development.

DISCUSSION

Just as the gaming industry has significant potential to be a tool for social and economic development in Aboriginal communities, it also has the potential to seriously compromise those objectives. It is vital, therefore, that consideration be given to developing strategies which will foster economic benefits, while inhibiting the emergence of negative social consequences.

In general, the potential economic benefits from gaming for an Aboriginal community will be greater when: the community lies in a reasonably densely populated area; the people in the area support the Aboriginal gaming industry; the gaming market in the area is not overly competitive; the management capacity and business experience of the community are sufficient to run the gaming operation effectively; and the political organization in the community is stable and capable of handling internal disputes.

As these factors vary considerably in different Aboriginal communities, so too does the potential for communities to realize significant economic benefits from gaming. In many cases, for instance, the population in the surrounding area will be insufficient to bring substantial, if any, revenue into the community, unless the community is able to market itself as a "destination resort".

While some determinants of economic potential, such as population density, cannot be influenced by Aboriginal communities, other determinants can. For First Nations, devising strategies which seek to influence these determinants so that they combine to create optimum levels of economic benefits will be a difficult task.

The most crucial strategic decision concerns competing interests in the gaming industry. Aboriginal communities will face competition from the provincial and charitable gaming industries, as well as from within the Aboriginal gaming industry. Aboriginal communities will need to determine

whether it is in their best interest to negotiate for a 'share of the pie' with competing interest in a controlled market, or to hold out for as large a share of the pie as a competitive market will allow.

This decision will be influenced by the legal/jurisdictional situation. At the moment, the provinces have a legislated comparative advantage in that they have the authority to regulate their competition's industry. Under these circumstances, it is apparent that many First Nations believe that it is in their best interests to negotiate for a share of the pie, as they have done in Ontario and Saskatchewan.

This perspective seems to be based on a number of considerations. First, the negotiations are seen as a response to the current legal situation, and do not compromise the First Nations' ability to change their strategy should the legal environment change. Second, negotiations offer Aboriginal communities the potential to gain more control over gaming activities, to expand the number of gaming options available to them, and thereby to increase economic benefits in the short-term. Third, increased control and involvement in the industry will provide Aboriginal communities with a chance to gain experience which will be valuable should the communities gain increased regulatory authority in future. Finally, the option of conducting gaming activities in defiance of provincial regulations is unattractive to many First Nations, especially where the province has demonstrated a willingness to confiscate gaming equipment and close down 'illegal' operations.

The context would change considerably, however, if Aboriginal communities were to gain regulatory powers over gaming similar to those of the provinces. If Aboriginal communities had the capacity to offer betting limits, prize levels, hours of operation, etc.. that were more attractive to the prospective client than those at charitable or provincial gaming facilities, then communities might feel that economic benefits would be maximized if they competed openly for a share of the gaming market.

There are a number of questions to consider, however, which could make communities reappraise such a strategy. For example, would market advantages created through differences in regulatory schemes be sustainable in the long term, or would the provinces respond by relaxing their own regulations and those imposed on charitable gaming facilities? Would open competition lead to an uncontrolled proliferation of gaming facilities, and ultimately to a smaller client base, and smaller profit margins for all facilities? As such, would direct competition offer short-term market advantages, but compromise the long-term viability of the industry? Would competition offer the potential for greater gains, but also bring a greater risk of failure? In such an environment, would there be any way to protect the market of an Aboriginal community's successful gaming operation from a competing facility opening closer to the population centre which is the major source of customers?

A related consideration is the effect that a competitive strategy would have on public perception of the community's gaming industry. If one accepts the assumption that public 'approval' of Aboriginal gaming is necessary to secure a sizeable and sustainable customer base, then public relations becomes a crucial part of any marketing strategy. If the public perceived that the Aboriginal gaming industry was competing directly with the charitable industry, and was using regulatory advantages to draw customers away from charitable events, then the public's impression of the industry would likely be influenced negatively.

Moreover, if a competitive market did lead to an uncontrolled proliferation of facilities, there would be greater potential for a backlash of anti-gaming sentiment that could threaten the entire industry. A poll conducted in Washington State, for instance, found that the majority of respondents favoured maintaining current levels of gaming activity (which is considerable, but strictly regulated), but that two-thirds of respondents opposed relaxing regulations to allow wide-open casino gambling.

For an Aboriginal community, strategic decisions concerning competition also extend to the gaming operations of other First Nations. First Nations will have to decide the extent to which they want to compete openly with each other, or pursue more co-operative strategies. A current strategic consideration, for instance, concerns revenue-sharing arrangements, as Aboriginal groups in Saskatchewan and Ontario have entered into agreements which would see proceeds from casino operations shared among all of the provinces First Nations.

Co-operative strategies appear to be advantageous for Aboriginal communities with little market potential for substantial stand-alone gaming operations. The rationale in this case is that a percentage of the proceeds from one or a few large gaming operations offers considerably more revenue potential for most communities than do the proceeds from their own small operation. For communities which have considerable market potential to operate their own successful gaming operation, however, co-operative strategies and revenue sharing would seem to have little to offer. Although the particular circumstances of these communities will influence their perspective on this issue, it is possible that a form of revenue sharing might be looked at as trading in a portion of current or potential revenues for the advantages of a more regulated competitive environment, a better public image, and a guarantee of a more sustained flow of revenue in the long-term.

While the literature has demonstrated that it is possible for economic benefits from gaming to lead to an improvement in social conditions, it also pointed out ways in which gaming could have negative social impacts. The most salient negative impact associated with increased gaming activities is the development of increased levels of problem gambling. The literature revealed concerns within Aboriginal communities that gambling can be a problem, especially for youth and for the children of gamblers.

The academic literature supported these concerns. It was suggested that those under the age of 30 and those with alcohol and/or drug addictions may be more susceptible to gambling related problems than the general population. Although research is limited, preliminary evidence points to a relatively high prevalence of problem gambling in Aboriginal communities. When problem gambling is severe, it is linked with increased incidence of psychosomatic and stress related illness, alcohol and drug abuse, physical abuse, depression, and suicide.

Although there would appear to be a general correlation between the amount of gambling available in a society and the prevalence of problem gambling, the relationship appears to be an extremely complex one which is influenced by many factors. These factors have not been adequately explored, especially with respect to the Aboriginal gaming industry.

In Aboriginal communities, for instance, small scale bingos are often significant community social events, and the social pressure to attend them is considerable. Casino proposals, on the other hand, are regarded as community economic development projects, and will be staffed by community members. The lure of the casino as a place of entertainment for community members may be significantly diminished by the fact that, for many of them, it would also be a workplace. Furthermore, the project would be marketed to attract a non-local clientele. The social pressure on a community member to gamble at the casino may, therefore, be minimal. In fact, the practice might be officially discouraged.

If there is less social pressure associated with a casino, would the operation necessarily result in an increase in the manifestations of problem gambling, such as child neglect and the loss of essential income? Is it not conceivable that, for a community member, the temptation to gamble at a community bingo would be as great, or even greater than the temptation to gamble at a large casino?

Similarly, as casinos would, presumably, provide an unwelcoming environment for youth, would a wall of video lottery terminals, which mirror a more familiar arcade environment, not be as likely, or more likely, to foster gambling problems among the young than a full-casino?

These unanswered questions indicate that it cannot just be assumed that an expanded gaming industry in Aboriginal communities would result in a proportional expansion of problem gambling. The relationship between specific gambling activities and problem gambling is complex and needs to be examined carefully, considering factors such as social pressure, and the accessibility of the activities to various segments of the community. It is possible that a small expansion of gaming which attracts community residents would have a significant negative impact on problem gambling, just as it is possible that a sizeable expansion which targets a non-local clientele could have a comparatively minor impact. Substantial reductions in problem gambling might be achieved through policies that recognized, and addressed these factors.

Other prominent concerns associated with expanded gaming are corruption, white-collar crime and organized crime. Whether or not such concerns are "justified" is a topic of much debate. Some have suggested, for instance, that objections to casinos on the grounds that they attract organized crime are red-herrings used by those who oppose the development of the Aboriginal gaming industry (see *The New Pacific*, Summer 1992). It seems that most, however, take the threat seriously, and are anxious to assuage public concerns by ensuring that adequate regulatory controls and procedures will be in place and followed.

The literature suggests that the threat is real -- large-scale gaming operations are vulnerable to a myriad of criminal schemes, and extensive preventative measures are necessary. These include: controls on cash flow; strict

accounting procedures; regular independent audits; the careful screening of all investors, management personnel, and staff; controls on the supply and operation of gaming machines, which are prone to technical manipulation; the development of operating procedures and policies (with respect to credit, tipping, etc.) which deny avenues for criminal schemes; and thorough training of casino staff and security.

If First Nations assumed full regulatory control over gaming activities, it is doubtful that all of them would have the necessary resources and experience to adequately develop, implement, monitor and enforce the necessary preventative measures. Significantly, many Aboriginal communities considering the development of casinos are planning to recruit resources and experience by enlisting the services of companies with experience in developing and managing casino operations in the U.S..

It is beyond the scope of this paper to investigate the advantages and disadvantages of the various options for mobilizing needed resources and expertise, and for developing regulatory systems. Decisions will have to be made on the role that Aboriginal communities, alliances of Aboriginal communities or groups (such as provincial Aboriginal gaming commissions), and representatives of provincial and federal governments will play in the regulation and control of the industry. It is apparent, however, that an arrangement whereby individual communities are left with sole responsibility for developing and implementing regulatory controls would involve substantial risks.

Roland Crowe, chief of the Federation of Saskatchewan Indian Nations, has suggested that First Nations must be prepared to adopt a common set of gaming regulations, and has expressed concern about the consequences of inconsistent regulations for the industry:

"If we make one mistake, society will never forgive us. It has to be beyond reproach...it has to be squeaky clean"

(Regina Leader Post, 4 September 1992, pA3).

Indeed a system which does not ensure that Aboriginal gaming operations are thoroughly protected from criminal activities not only threatens the profit flows of the individual operations which are victimized, but also threatens the long-term success of those operations, and of the Aboriginal gaming industry in general.

At the RCAP community hearing in Kahnawake, the Director of the Kahnawake Economic Development Group, Ron Abraira, spoke about the importance of the issue of gaming, and the lack of attention it has received nationally:

"In Canada, Indian gaming is being looked at at the local level. It was looked at here and we have had discussions on it. I am not going to deny that the discussions are controversial; it is a controversial industry. But what seems to be lacking is a national framework for how the industry can be developed; to my knowledge no one is working on it" (Kahnawake, QUE 93-05-05).

Abraira recommended that:

"from a national perspective, research should be done on this industry -- how it is done in the United States, how it is managed, how it is developed and how it is working successfully, and I don't think there is any reason why we can't have it here in Canada" (Kahnawake, QUE 93-05-05).

Indeed, the literature reveals that there is an enormous need for research into the potential socio-economic impacts of the Aboriginal gaming industry, and for a thorough investigation into means by which the industry can be developed to best advantage. As the gaming industry has the potential to significantly advance and to seriously frustrate the development aspirations of Aboriginal communities, it is imperative that such inquiries be made; and as the provincial, charitable and Aboriginal gaming industries are expanding rapidly, the undertaking of that task becomes urgent. Until the inquiries are made, however, it may be advisable for Aboriginal communities who are in the process of considering, discussing, studying, planning, and implementing an expanded gaming industry, to proceed slowly, with care and with caution.

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