

THE NATIONAL COALITION  
**NCAGE**  
AGAINST GAMBLING EXPANSION

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It's a great time to be in Cleveland, the "New American City," as your slogan says. Cleveland is like a lot of other great cities, fighting its way back from hard times in the 90s. You're doing it right, from the ground up, with hard work and good people -- building on your strengths.

Yet in times like these, there's always a promoter trying to sell you a quick fix for all your problems -- some get rich quick scheme -- just buy their product and your big challenges will fade away. Play their game and money will grow on trees.

I want to talk about gambling as a product this morning, not the gamblers or whether people gamble. Let's focus on what happens when you introduce gambling as a product into the economy. We want to talk about who wins and who loses when gambling establishes itself in your community.

I've worked with coalitions of business, civic, religious and political people who have fought in 49 states to stop the spread of gambling. Our people are Democrats and Republicans, liberals and conservatives from all walks of life. Some are religious and some not, but all are determined to fight the ongoing push for more gambling, resulting in more addiction and more social and economic problems.

Mr. Fahrenkopf represents the gambling promoters and their top-down pressure of big money and political muscle. These gambling interests are always looking for a place to push their product onto any community willing to listen to their "gamble yourself rich" sales pitch.

Our efforts rely on giving the facts to ordinary people. We certainly haven't been winning with money. Our entire national budget is something like \$120,000 a year. Obviously, the grassroots efforts here in Ohio are being vastly outspent, with the slot machine crowd

spending \$15 to \$20 million on their campaign, vs. the 10,000 lawn signs being distributed right now by the Ohio Council of Churches.

From the beginning, gambling tactics worked to play states against each other. You know how that sounds. They use the neighbors to justify their slot machines. Indiana has slots, and it looks like Pennsylvania may get slots, so the gamblers tell Ohio you'll need your own slots to keep the losses at home. "Let's mug 'em here so they don't get mugged in Pennsylvania or Indiana."

Gambling is like a fungus. If it gets started in one region, it tends to spread. We saw this happening, and in 1994 we formed, from the bottom up, a national organization to fight it. We gathered local and state activists and formed the National Coalition against Legalized gambling.

We started sharing information and we challenged the spread of gambling at the ballot box.

We did that in the peak of hard times for states. State budgets were upside down all across the country, and the casinos were pitching gambling as "the force of history, the wave of the future." In the beginning there were bands playing while governors cut ribbons and welcomed the riverboats as economic salvation. The promoters declared that gambling was "inevitable," but a decade later we now know it isn't even desirable.

The wave of gambling hit a wall when we started exposing the product. Key votes in Ohio, Rhode Island, Missouri, and Florida surprised the gambling promoters. Voters turned it down. They burst the balloon of inevitability. The promoters lost. Ordinary citizens were successful. It's at the ballot box where we have our best results. They can buy legislators with their threats and big campaign contributions, but they can't buy elections.

In 1995, the casinos formed the American Gaming Association. They like the word gaming. It's deceptive. It sounds like scrabble and football more than it sounds like craps and slots. But they needed something to mask their predatory product. They spent millions trying to spread their empty promises of painless revenue streams and no victims – nothing but fun and games for everyone.

It's a snake oil remedy that doesn't work. It's not gaming, it's gambling. They keep leaving out the "BL" which stands for "Big Losers," and they want you to forget that part. They try to call it "economic development," "Jobs jobs jobs," "A painless revenue stream." "Only the willing do it." "Its entertainment like shopping and the movies." So let's examine the product they call gaming.

This product is not good economics. These Ohio promoters are selling "Learn and Earn," but it's really nothing but "Churn" in the business community. Gambling cannibalizes. It sucks disposable income out of the economy and flushes it down the slots. It creates no new dollars. Even if there weren't social costs, the best it could be is a zero sum game. It's trading dollars. It's churn.

It's not a painless revenue stream. It's a painful revenue drain.

What kind of government makes losers out of its citizens? This just plain bad business and it's not good for quality of life.

Gambling is and always has been an "other side of the tracks business." Do you really believe that valued lakeside museums and gateway sports complexes are enhanced by having a casino next to them?

In addition, there are terrible side effects with this product. Read the label. "May Cause" – no -- "WILL cause addiction, bankruptcy, crime and corruption."

These people are asking you to change your Constitution to allow them to sell their snake oil. Why would you want to do that?

Well, most of you are here this morning because you are business people whose businesses rise with the tide of a flourishing Cleveland, the community where you live and do business. Let me use an example from one of America's most admired businessmen from the past named Herb Taylor. He used to attend the Park Ridge Methodist church near where I live.

Some of you are probably Rotarians, and you've probably heard of Herb Taylor. He took over the nearly bankrupt Club Aluminum Company in 1929. He turned the Depression embattled company around with a lot of hard work making a product that was useful.

Taylor's hammered aluminum cookware, first shiny and metallic, and then avocado green and orange, cooked America's dinners for decades.

He rebuilt the Club Aluminum Company by implementing a basic business model that included what he called the "Four Way Test." Taylor became President of Rotary International and that worldwide group adopted

his test as well. It fit the organization's ideal of community involvement and putting "service above self."

For Taylor, a deal wasn't a good deal unless it was a good deal for everyone. Every deal, and every major business decision, had to pass these four questions, or tests:

***Is it the truth?***

***Is it fair to all concerned?***

***Will it build good will and better friendships?***

***Will it be beneficial to all concerned?***

What worked for Taylor and Rotary International is a good way to look at what will work here so let's apply the Four Way Test to Gambling in Ohio.

**Is it the Truth?**

The casino crowd has made billions turning teachers, school kids and PTA parents into gambling lobbyists. They do this by promising money for education, and that's exactly what they're doing in Ohio. We see this all over the country. We labeled it "Slots for Tots" when they tried it in New Hampshire. "Keno for Kids" was the mantra when they tried it in Illinois. That's a terrible example to be setting for children. When the Lottery Giant G-Tech tried to set up shop in Hawaii, they counted on the teachers' union to front for them. But the Hawaii teachers association – the very people who stood to get raises from the plan – turned it down! They said it just sent the wrong message to the kids they were teaching. They said "No," based on principle.

Your own Ohio college Board of Regents, the people who are tasked with looking for scholarship money, has turned their backs on this scheme. Trustee Robert H. Schottenstein concluded, "Issue 3 doesn't smell right, feel right or seem fair."

Gambling promoters need to pick education or some other worthy community cause to buy their way into our communities or states. They want us to overlook the fact that the lions share of the money goes to them. In Ohio, it's 55 percent. They want us to think the money's not going to the gambling promoters; they want you to think it's going to the schools.

But come on. It's still coming from the people.

If it isn't education, then it's economic development or some other great deal that they're going to provide for free. But they never tell you the other side of the story.

Your former governor, Sen. George Voinovich hit it right on the head. He told the *Dayton Daily News*, "They call it 'Learn and Earn'. I call it "deceit and greed."

Gambling isn't new money. It's re-directed money. It's trading dollars.

Gambling came to New Mexico in 1994, and by 1998 the state's Secretary of Taxation and Revenue reported roughly \$1 to \$1.2 billion per year in other taxable sales had fallen off the balance sheet. Entertainment, retail, restaurants, and services took huge hits from the casinos, and as a result, paid far less in taxes.<sup>1</sup> The best the economists could say was the economy was playing a

“zero sum game.” The casinos were winning and the other businesses were losing

Iowa gambling experience replicated the New Mexico story. Coming out of the farm crisis of the 90s, Iowa cities that kept working hard, like Cleveland has, made big progress in retail sales from 1996 to 2000. Urbandale was up 41 percent. Ames was up 27. Fort Dodge was up almost 21 and Fort Dodge nearly 18. The casino cities retail sales weren't so good. The best was Marshalltown at 7.7 percent and Burlington had a whopping MINUS 1.8 percent.<sup>2</sup>

While the rest of Iowa was harvesting its way out of the farm crisis, the casino cities were losing out. The riverboat towns were reduced to being gleaners.

Both of your gubernatorial candidates understand this cannibalistic, parasitic behavior of gambling. Ken Blackwell ® says “Examples of broken promises to fix education, failed economic development, and ruined communities are found wherever gambling advocates lay down stakes and make bold promises. We must beware of the pie in the sky. We must make responsible decisions and, more importantly, we must make certain that we act with our state's long-term health and prosperity in mind. Issue 3 is nothing more than a diversion.”

Ted Strickland (D) says “I oppose the expansion of gambling in the state of Ohio. As a former minister and psychologist, I'm deeply concerned about the rise of gambling addiction that would accompany an expansion of gambling. I also believe that this is an unwise way to seek lasting, meaningful economic development for our great state.”

This isn't a partisan opinion. Politically, you can fit everyone in the room between your two governor candidates, can't you?

Casinos promise “Jobs! Jobs! Jobs!” but what they deliver is an illusion. When I started fighting gambling in 1992, the gambling promoters were promising jobs in Chicago. Here's how their story grew. This is from University of Illinois Professor John Warren Kindt's article published in the Drake University Law Review.

In March, the promoters were promising 10,000 construction jobs and 20,000 permanent jobs. Two months later, the “new jobs” had grown to more than 38,000. By November, eight months later, the estimates had raised to 90,000 jobs. The now defunct accounting company Arthur Anderson then tweaked the numbers and it went up to 100,000 jobs.<sup>3</sup>

Here's the reality check. There are nine casinos in Illinois I called the Illinois gambling commission, and they tell me that right now there are 8,564 people on the casino payrolls. Out of about 6.3 million jobs, in Illinois, you don't even know they're a part of the economy. If you try to dived that out for a percentage, you'll get a dot and three zeros before you get to a ONE. That's not big jobs impact.

You have about 5,677,300 civilian jobs in Ohio – more than 644,000 of them in this county alone. You aren't going to get enough new jobs to matter and the

ones you get from slots barns will be at the expense of other businesses – the ones that went broke or lost sales because of gambling.

Is the gambling sales pitch the truth? NO! No state has gambled itself rich, including Nevada – a state that should serve as a model for what a state can produce with gambling. Nevada recently passed the largest tax increase in that state's history. Republican Governor Kenny Guinn told his legislature in his inaugural address, “Our revenue system is broken because it has relied on regressive and unstable taxes.” (Guinn understands that when you take money from the citizens to run the government, it's still taxes, even if you do it with a slot machine.)

Guinn told his legislature, “Implicit in this (gambling) tax strategy was a belief that the revenues from gaming and tourism could keep pace with our growing and diverse population. Unfortunately, this strategy has failed.

“Nevada ranks near the bottom in per pupil spending on education, and spends less per capita on Medicaid than any other state. If those two areas don't concern you, take a look at where Nevada ranks in high school dropout rates, teen pregnancy, and children living in poverty.”

If the epicenter of gambling can't gamble itself rich – if the poster-child of casino funded government can't balance the budget, and if the model of slot machine largesse fails its kids so miserably, why would Ohio want to follow Nevada on its downward path?

Cities don't gamble themselves rich either. New Orleans was planning to have the world's largest casino. They were already a tourist destination, but they gave the most prime piece of real estate in the heart of the city, between Canal and Poydras streets, for their casino. Within a year, the temporary casino was closed and building on the permanent casino stopped. C.B. Forgotston, our man in New Orleans, called this meltdown the “Chernobyl of casinos.”

The New Orleans casino later reopened with a classic bait and switch maneuver. It dropped from 50,000 promised jobs to 2,500 jobs. Then they shed restrictions of no restaurants and no hotel. Those restrictions were supposed to protect the other existing hotels and restaurants. So now they are free to cannibalize other businesses, and on top of that, the city reduced their taxes by 50 percent for the first year and 40 percent for subsequent years.

In the 90's Chicago's Mayor Daley, who spoke to you last year, was courting a mega casino. Fortunately for the mayor and the citizens of Chicago, the effort failed. The casinos lost, and for the next 10 years you couldn't find a building crane to construct a casino in Chicago because of the renaissance in real development.

Other cities took hard looks at gambling and said “no.” San Antonio, Texas; Providence, Rhode Island; Omaha, Nebr.; and Madison, Wisc. all did the math on gambling and turned the casinos DOWN! They've all had the Chicago renaissance experience, while gambling

towns like the ones I mentioned in Iowa were flat or faltering.

These slots proposals fail the truth test every time. The only job gambling provides in the long run is a snow job. They just can't deliver on their promises of economic prosperity.

### **Is it fair to all concerned?**

Pulitzer prizewinning author Taylor Branch said he couldn't think of "anything more cynical" than government funded by gambling. Branch, who chronicled the life of Dr. Martin Luther King, in the biography titled *Parting the Waters*, sees right through the government gambling game. It's nothing but a trick to get someone else to pay the public bills. Branch talks a lot about the very foundation of American democracy – the concept of self governance. He reminds us that addicts, by definition, are not able to self govern. He also points out that politicians who are addicted to gambling demonstrate they can't govern either.<sup>4</sup>

Warren Buffett is another man who doesn't think government should be promoting gambling. In a fireside chat I had with Buffet when he was working to keep gambling out of Omaha, he was emphatic that government should be on the side of its people

Buffett says the state is "Teaching the citizenry something all the time" by what the government does, and he argues that gambling teaches citizens that "the state is on the other side of the transaction from you. They are trying to get you to do something dumb. I think the state should be trying do something FOR its citizens, not TO its citizens. I think for the state to prey upon its citizens, to create more of these addictions . . . is wrong. I think it's cynical on the part of the state to raise money from people who can't afford it by promising a dream that is not going to come true for any but the tiniest, tiniest fraction of the people who participate.

"There is a lot of hope being sold in the world. I think it's very cynical of the state . . . to sell false hopes."<sup>5</sup>

Buffett is dead on with this. Can you imagine the state running ads asking people to smoke more, or drink more alcohol because the schools need the tax money?

The simple truth is that 30 to 50 percent of casino gambling money comes from problem and pathological gamblers. Can anyone think of anything more cynical than funding education on the backs of sick and troubled people?

The gambling industry plays fast and loose with statistics about whom the "average" casino gamblers are. "College educated," they say. "Church people." "Pay their credit cards on time."

But what they won't do is describe the people who are their best customers, the biggest losers. Like most businesses, they get 80 percent of their business from 20 percent of their customers, but within that 20 percent are the two to three percent who are pathological gamblers, and another two or three percent whose lives are damaged by their gambling.

So let's look at those addicted gamblers. Who are they? Well, they're people a lot like you and me, and here are a few examples of the kinds of things these good citizens do when they get hooked.

Nashua County Florida had its bond ratings dropped twice because a trusted county employee embezzled more than \$1million, and then killed herself – because she was a gambling addict.

There's a school district in Kansas that canceled classes and laid off teachers because the trusted superintendent embezzled \$854,000 for his gambling habit. The remaining teachers are buying pencils for their students from their own pockets.

Right here in Ohio, the city of Galion lost its D.A.R.E. anti-drug program and civic groups had to chip in for fireworks on the Fourth of July. The city sold off police cruisers and computers to raise cash. Residents volunteered to clean parks, road projects have been scrapped, and taxes and utility charges have soared.

That all happened because the town's former finance chief had a gambling problem. He was blinded in a subsequent suicide attempt.<sup>6</sup>

I could go on all morning with these stories because there are thousands and tens of thousands of them.

Mr. Fahrenkopf on many occasions has dismissed my references to gambling's body count as being nothing but "anecdotal evidence." I guess that means that these destroyed lives and their suffering doesn't count and these lives weren't worth anything. But I'm telling you this nation is littered with the ruined lives of anecdotal victims. Frank, you can't hide the bodies that the industry you represent dumps on us.

Tragically, these victims often start out as trusted, highly active and valued members of the community. They are bookkeepers and lawyers and accountants who steal from their clients. They don't usually intend to steal. They are chasing their losses, and think they can just "borrow" until they make that big win and then they'll pay it all back. You can't tell who they are. Addicted gamblers don't come to work with dice on their breath or needle marks on their arms.

There are about 400 of you here this morning. If casinos come to town, you can expect about 12 of you will become this kind of addicted gambler. You might not steal, but the addiction will likely cost you your home, your savings, your family, and your self respect. It could be you, your spouse, your siblings, your children. In the end, this addiction humiliates formerly great citizens to the point of desperation and even suicide. Gambling addicts think about suicide more than any other addictive group, and they act on those thoughts.

For years Nevada led the nation in suicides, and it's still in the top two or three every year. Montana passed them after they enacted convenience gambling – electronic gambling machines all over the place. Montana achieved more gamblers anonymous chapters than any state in the nation, and then they won the title for the most suicides.

Inviting a casino to town is playing Russian roulette with your friends and neighbors; employees and business partners. At three percent, which is conservative in a casino town, it would be like giving you a handgun with 400 chambers, and 12 of them are loaded. Are you sure you want to pass that around the tables? Are you willing to pull that trigger?

How many would feel good knowing 12 people in this room would lose everything -- so the rest of us could have a cheap buffet and watch a 1970's revival entertainment act?

Three percent is not a small number. The Cancer Society and Center for Disease Control say about half of one percent of the population has an active cancer at any given time. A gambling addiction rate of three percent is SIX times the national average for active cancers. Gambling addiction doubles in the market area close to a casino, and it goes up another 70 percent for each step you take toward "disadvantages" like poverty. The poor and the uneducated are far more likely to become addicted. Cleveland has more than its fair share of disadvantage. Your own university's Center for Poverty Studies says "of all big cities in the United States, Cleveland has the highest poverty rate." The impact of slots parlors on this population is known. It's predictable, and it's deadly.

In Cincinnati, when this proposal got started, a group of promoters estimated their profits and the communities' costs. Their budget admitted the plan would create 109,000 new victims.<sup>7</sup> A great number of them would be in Cleveland.

Is it fair to all concerned to introduce that kind of damage on our citizens -- our neighbors?

And who pays for all of this proposed damage? The rest of you will. New addicted gamblers cost more than \$11,000 each<sup>8</sup> -- MINIMUM in "externalities." That's extra costs the society pays for law enforcement, incarcerations, lost worker productivity, divorce, health care and the like. Gambling isn't entertainment like shopping or the movies. It always brings with it a tide of what we call the ABCs of Gambling: Addiction, Bankruptcy, Crime and Corruption. These cost the state, and the taxpayers, and you, the businesses, money. That's why gambling is a net loss to the economy.

So what's your share? Let's do the math. Park a casino in your town, and the addiction rate will hit 3 percent or higher. Each new addict costs the economy more than \$11,000. That's about \$33,000 for each hundred people, or \$330 a year for each of you. And that's using the most conservative numbers available!

Think about that. Your standard of living goes down that much every year, even if you never drop a single quarter in a slot machine. And, of course, you'll ALL need to be feeding the slot machines, because you believe in college education, and that's the way these slots promoters want you to fund scholarships... right?

Businesses take direct hits from other people's bankruptcies, and many of you have probably had to write off those kinds of losses. I would guess that foreclosures

are not your favorite real estate transaction. Across America, comparable counties with casinos have more than twice the individual bankruptcies than those without casinos.<sup>9</sup>

So let's review that question. Is casino gambling fair to all concerned? Of course not. It targets those who can least afford it, and it creates a massive new population of sick people who will need public support.

Gambling might pay for a few scholarships, but then you'll need a lot MORE scholarships for the children of parents who have gambled away the college education fund. You'll need jails and public housing for those who have lost their homes. You'll need more Medicaid and Medicare for those who have lost the money they should have had for health care.

And, you'll need more insurance to shield yourselves from people you have trusted for years and years. Those are costs the gambling people won't tell you about. The house wins and the citizens pick up the tab. Certainly this is not a good deal for all concerned.

Now for the third question: **Will it build good will and better friendships?**

Well, I doubt it. Making slots promoters rich by turning citizens into losers isn't a friendly relationship. It's adversarial, predatory and parasitic. It doesn't build friendship. It builds cynicism and despair.

Good will means the customer goes home and says I got a good deal.

Gambling doesn't build better friendships, but it does provide fertile ground for conspiracy and corruption. This is something that just doesn't change. We are enduring the third historic wave of gambling in America. We had it at the time of the American Revolution, and again after the Civil War. Each time, corruption got so bad the states almost universally criminalized gambling.

It's not bad enough that gambling promoters want to turn the PTA and school children into gambling lobbyists, but the industry gets government addicted to gambling revenue. With that addiction come dependency and inevitable corruption. Did anyone here notice that ALL of the corrupt activities of Washington lobbyist Jack Abramoff were directly related to gambling? The money came from tribal gambling. Right here in Ohio the 18<sup>th</sup> Congressional District's Congressman has pleaded guilty in that scandal. Bob Ney was planting testimony into the Congressional record to support Jack Abramoff's scam to buy gambling boats in Florida. That hardly qualifies as "good will and better friendships."

Money has been called the mothers' milk of politics, and vast sums of money have flown freely from the gambling spigot.

The Agua Caliente tribe in California just gave their COUNTY Republican Party \$450,000. They openly admit they did that to defeat candidates who opposed their casino expansions. That's not the way to build clean politics and civic friendships. Are you sure you want that kind of pressure influencing your elections? These things happen because gambling generates huge sums of money

– it sucks it out of the economy and then uses it to corrupt the government. You see it all over the country.

In your own state, the *Plain Dealer* says gambling promoters have planned to spend \$15 to \$20 million to get their foot in the door – millions of dollars to get you to change your constitution. Remember. This didn't start with George and Ethel over coffee drawing up a neighborhood petition to bring casinos to Cleveland. It started with big money and political muscle paying cash money to HIRE people to collect signatures.

Gambling comes to town much like a proverbial camel poking its nose in the tent. You've all watched the Ohio lottery as it metastasized into drawings three times a day, scratch off tickets and a blizzard of games. The more games, the higher the social costs, and the more the government cons its own citizens. Then come the casinos and slot machines. After a while, those aren't enough, so the machines get faster, and the hours get longer. The casinos are open 24/7 because the government needs more money.

Why does gambling have to keep expanding? Why do the casinos need to be open at 3 in the morning? Because that's what it takes to suck the addicted people dry. You just don't see many church-going college graduates that pay their credit cards on time yanking on slot machines at 3 in the morning. Did you notice this proposal has already set the stage for the conversion of slots parlors into full-blown casinos?

Corruption is government trying to make losers of its citizens by legalizing something that damages the very health of its citizens, all under the guise of a painless revenue stream. Take another look. The revenue stream is running backwards, and the pain is intense.

History has proven this – over and over again. Gambling does not build friendships. It builds dependencies. It breeds corruption.

#### Finally, **Will it be beneficial to all concerned?**

Beneficial to all means everyone should be better off, not worse off.

John Kennedy once said a rising tide lifts all boats. If gambling made all winners, it would be beneficial to all concerned. Of course, gambling makes losers and the citizens are worse off because of that.

Even the people who never gamble lose money: the citizens and taxpayers. They get stuck with additional costs that they didn't have before: those public health and crime costs that ALWAYS follow gambling.

Ironically, even the state's own gambling operation, the lottery, will be a loser if slots come to town. People feeding the slots buy fewer lottery tickets. There's only so much money to go around. That's why in Nevada, where the casinos run the government, the state doesn't have a lottery. It would compete with the casinos!

Here in Ohio, the racetracks want slots to save their dying industry. Horse racing is dying because other forms of gambling are faster, more accessible and more addictive. But why should the rest of Ohio's citizens burden themselves with addiction, bankruptcy and crime,

plus loss of sales to other businesses, to resuscitate racetracks? The racetracks are planning to reap a \$30 million windfall EACH from this proposal! What did they do to earn that?

Did anyone offer slots to shore up the auto industry? If the real estate market goes soft, do you think the state will let you open casinos to help keep your offices open?

Churn the economy and burn the taxpayer. Think about that. In order to enrich themselves, these slots promoters are asking you divert money from legitimate businesses, move jobs from real commerce to casinos, and give the taxpayers the bill for the social costs.

Remember, the promoters openly admit they expect Ohio to sacrifice the health and lives of 109,000 of its citizens. They propose to make those people very sick, and then spend another \$28 million to treat them. And even that sum isn't going to cover the bill. Not by a long shot. Do the math.

Multiply that 109,000 new addicts the promoters ADMIT they will cause, times the \$11,000 each for social costs. That comes to \$1,199,000,000 loss for the economy of Ohio.

Why would we accept making 109,000 people sick, and then losing more than a billion dollars from the economy to boot?

One of the great understatements of this debate was from Fred Nance, the Mayor's adviser and chairman of the local chamber of commerce. Nance said, "If you were to start from scratch and draw your optimal economic development paradigm, you wouldn't necessarily include gambling as part of it."<sup>10</sup>

No. Ideally, you would not make tens of thousands of people sick so the economy can take billion dollar hit.

Do the math. It's not beneficial to all concerned. It's only beneficial to the greedy and the cynical.

#### **So let's review the score.**

Gambling is NOT telling you the truth,

It's NOT fair to all concerned,

It builds addiction and dependencies, NOT good will and better friendships,

And it's NOT beneficial to all concerned.

Good deal for Ohio?

I don't think so. In your hearts, and in your minds, when you do the math and determine who wins and who loses, you know this is a bad deal. It's a sucker's deal, and Ohio is a state built of better stuff than sucker's deals.

In conclusion, I would ask you to consider why Cleveland would consider hitching its economic engine to a dying phenomenon. As we speak people in America are having second thoughts about gambling and its impact on communities and states. The Pew Research Center just this year found three important changes in Americans' thoughts about gambling.<sup>11</sup>

First, they found that 7 in 10 Americans say that legalized gambling encourages people to gamble more than they can afford. That's up about 10 percent in the past 10 years.

Second, a plurality, 42 percent of adults say casinos have a negative impact on their communities, while only about a third, 34 percent, say casinos have a positive impact.

Third, and most revealing, the study found that only 23 percent of Americans actually enjoy gambling. That's down from 34 percent just 10 years ago. Think about that. If your product drops 11 percent in the people who enjoy it, you're in trouble.

We have always said that gambling sows the seeds of its own destruction. Gambling has the BL for "Big Loser." Every time they come to town, they poison the economy, and they have to go find another community to bleed dry.

That's why they want to come to Cleveland. They aren't here to give your kids scholarships. They're here to take your money.

I've already mentioned that horse racing is dying, and it's asking for a transfusion of your money, pumped through slot machines. Gambling's momentum is tipping back on itself. The tide has turned. What was viewed as the force of history, an inevitable trend, turns out not even

desirable. It's not the wave of the future; it's a wave that is spent.

Gambling promoters come to town and try to make you feel like losers. They say you need casinos and slot machines or you just aren't going to make it.

I'm here to tell you will make it, and you'll make it better and faster without slots.

You are on the way forward, riding the same wave of honest hard work and integrity that has always made Ohio a great part of the heart of America.

You can continue to move forward in good health, friendship, integrity and truth without slot machines and casinos.

You are going to have an opportunity to walk into the ballot box and vote your best hopes for this city and state.

If I were a betting man I would bet that you're not going to let gambling promoters change your constitution. In 14 short days, with three states voting on gambling expansion, our winning trifecta is that Ohio will join with Rhode Island and Nebraska in refusing to change its constitution to make gambling promoters rich -- and your fellow Buckeyes poor. You'll beat the house at the ballot box, and the citizens of Ohio will win.

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<sup>1</sup> Chavez, John J., Secretary, New Mexico Taxation and Revenue Department. "New Mexico's Indian Casino Gambling Economic and Revenue Effects. Nov. 23, 1998 <http://www.ncalg.org/Library/Studies%20and%20White%20Papers/Economics/2004-06-nmIndiancasino.pdf>

<sup>2</sup> Iowa State University Department of Economics. "Impact of Casinos on Retail Sales, Iowa Cities from 20,000 to 50,000 population, 1996 to 2000." <http://ia.profiles.iastate.edu/retail/city>.

<sup>3</sup> Kindt, John Warren. Drake Law Review, Vol. 43, p.54.

<sup>4</sup> <http://www.ncalg.org/Library/Media/Gambling%20vs%20Governance.wmv>

<sup>5</sup> <http://www.ncalg.org/Library/Media/Bufett%20Fireside%20Chat%20Video.wmv>

<sup>6</sup> Compiled from news stories in NCALG "Bets Off Bulletin." <http://www.ncalg.org/Library/Bulletins/bob%20v4n1%20march%2006.pdf>

<sup>7</sup> <http://www.columbusdispatch.com/?story=dispatch/2006/09/15/20060915-B2-00.html>

<sup>8</sup> Grinols, Earl. Gambling in America, Costs and Benefits. Cambridge University Press, 2004, p. 167. Earl Grinols was Chief Economist for the Council of Economic Advisors to Ronald Reagan, Research Economist for the U.S. Department of the Treasury, and has taught at MIT, Cornell University, the University of Chicago, University of Illinois, Champaign, and now Baylor University.

<sup>9</sup> Goss, Ernie; and Edward Morse, "The Impact of Casio Gambling on Bankruptcy Rates: A County Level Analysis," Creighton University [http://www.ncalg.org/Library/Studies%20and%20White%20Papers/Bankruptcy/Casino\\_bankruptcy031204.pdf](http://www.ncalg.org/Library/Studies%20and%20White%20Papers/Bankruptcy/Casino_bankruptcy031204.pdf)

<sup>10</sup> Brekenridge, Tom, *Cleveland Plain Dealer*, "Gambling gives to, takes from local economy" Sept. 24, 2006.

<http://www.cleveland.com/news/plaindealer/index.ssf?base/cuyahoga/115908734879310.xml&coll=2>

<sup>11</sup> Pew Research Center. "Gambling: As the Take Rises, So Does Public Concern." May 23, 2006, <http://pewresearch.org>