

1 CHAIRMAN JAMES: At this point, I'd like to open it
2 up for questions from commissioners and comments from panelists.
3 Commissioner Wilhelm?

4 COMMISSIONER WILHELM: Thank you. I'd like to very
5 much thank the three of you who spoke about the social and human
6 costs of compulsive gambling. I believe there's great value in
7 personal stories even if they aren't buttressed by scientific
8 data.

9 And I believe there will be a consensus in this
10 commission when we conclude our work that the compulsive gambling
11 issue needs to be addressed much more systematically; it needs to
12 be addressed in a preventive way and needs to have much greater
13 resources available to it.

14 So I really appreciate your coming here today.
15 Likewise, I appreciate the testimony of Mr. Murphree and Mr.
16 Heidel because your firsthand testimony about the economic
17 development value and what it means in terms of the contrast
18 between the availability of jobs on one hand as opposed to the
19 social and human costs of lousy jobs or no jobs is compelling and
20 also consistent of what we've heard in many other localities. I
21 appreciate that.

22 I must say though, Mr. Montgomery, I was puzzled by
23 your testimony. In fact, your testimony reminded me that I'm
24 often as puzzled by lawyers as I am by economists.

25 For example, you made a comparison which eluded me
26 with the steel industry in Pennsylvania, which in its modern
27 form, went on for about 80 years through several generations and
28 went on for a long time before that, actually, in terms of the
29 iron industry which preceded the steel industry.

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1 So many generations of people in Pennsylvania in
2 spite of a lack of formal education particularly after those jobs
3 became unionized. Those were really good jobs for people who
4 didn't have jobs, for immigrants, for people with little or no
5 education.

6 That did play itself out -- you're quite right -- to
7 a large degree in the '70s because of the response of American
8 corporations to the globalization of the economy, but if I got
9 your implication correctly that, therefore, it was somehow fake
10 and shouldn't have been done, that eludes me rather totally.

11 I also appreciate the fact that you acknowledged in
12 your testimony that there would probably be a depression around
13 here if gambling were outlawed. I think the testimony of the
14 gentlemen on either side of you would suggest that it was a
15 version of a depression before gambling was legalized.

16 And yet when you talked of the substantial increase
17 in bankruptcy and in some other categories of crime, although you
18 said there are other categories of crime that have decreased, I
19 didn't get your point because you said, when you testified about
20 your own bankruptcy clients that many of them moved here from out
21 of town.

22 Now, I realize you said that at a different point in
23 your testimony and you were making a different observation, but
24 it seems to me that a rational analysis of the negatives of
25 increased gambling, bankruptcies or other negatives, ought to
26 relate those increased negatives to increases in the population
27 and investment and employment.

28 By itself, I don't really know what it means to say
29 that there's been a significant increase in bankruptcy, for

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1 example, particularly since, as you pointed out, a lot of the
2 people that fell victim to debt problems and who came to you for
3 help were from out of town. So I think you've got to relate
4 those two to make any sense out of it.

5 And then finally, I was completely confused by your
6 comments about how a lot of these jobs are held by people from
7 out of town.

8 Well, you know, in the places that I've lived, that
9 I've had the -- some of which have been very economically
10 depressed, some of which have had the good fortune to have
11 economic growth -- I would have liked to, if our system
12 permitted, you know, resident preference when jobs come along.

13 We don't live in a system that does that. We live in
14 a free enterprise system, and part of that is that, particularly
15 when there is such a scarcity of decent jobs for people without a
16 lot of formal education, people move to where those jobs are
17 created.

18 You yourself moved here for the same reason,
19 according to your résumé. So I don't get that point whatsoever.
20 It is a function of boom town mentality that people move in, some
21 of those people have problems and we need to take those problems
22 into account.

23 But the conclusion that you appeared to be leaning
24 toward and that you described in your closing remarks seemed to
25 me to be quite different than the data that you presented. Thank
26 you.

27 MR. McCORMICK: I'd like to point out, though, that
28 what I was talking about, the jobs that are created are

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1 basically, you know, dead-end jobs and there is a lot of turnover
2 in the industry.

3 So you've got -- the casinos made all these promises
4 that all these jobs would be created but they're dead-end jobs.
5 The people are, you know -- they lose the jobs quickly and then
6 somebody from out of state takes the job. So what benefit, you
7 know, long term do they get out of that?

8 Plus you've got all these out of state and out of
9 town people coming in here, bringing their families. I mean,
10 Beau Rivage apparently is going to create 4,000 jobs but I've
11 also heard that thousands of those jobs are people moving in from
12 out of state.

13 So they're going to bring their families, put more
14 children in our schools, yet there really isn't that great of an
15 increase coming from the casino revenues to the local economy to
16 fund improvements in our public education system. And as I said,
17 a bond issue recently failed here in order to get those
18 improvements.

19 And I think a large part of the reason that failed is
20 because people feel the casinos should be footing a bigger part
21 of the bill.

22 COMMISSIONER WILHELM: Well, sir, to you, as an
23 attorney, a job in a casino, particularly one with benefits might
24 look like a dead-end job, but I think the definition of a dead-
25 end job is different if you don't have a job, even if you move
26 here from somewhere else to get a job.

27 CHAIRMAN JAMES: Any other commissioners with
28 questions?

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1 COMMISSIONER McCARTHY: I wanted to thank the two
2 ladies on the end for testifying. We can feel your pain and
3 we're trying to figure out how can we respond to it to prevent
4 that from happening to a lot of other people.

5 We keep getting told that your problems that you
6 suffered with your families, of course, are too anecdotal to
7 reduce to numbers, to facts so that maybe we could try to
8 persuade officials in the industry to finally respond in some
9 significant way.

10 So this morning has been typical of so many other
11 mornings and afternoons that we've had. On the one hand, we're
12 very happy to hear that Tunica County is getting a good sum of
13 money from the gambling industry there and the per pupil
14 allocation of funds has taken a sizable jump. That's good.

15 That makes it possible for those children to have
16 some better options in the future although if we had time I'd
17 like to ask how school children in other counties of Mississippi
18 who don't have gambling revenues like that, you know, what
19 disparity or accenting disparity that might be creating and not
20 really helping their future options.

21 But on this issue of the negative outcomes, I know I
22 want to ask this question respectfully. I ask it in every state
23 that we're in. How does the State of Mississippi or local
24 governments go about trying to identify the number of people that
25 have problems like this?

26 Now, I appreciate the difficulty is that, as you
27 pointed out, Mr. Heidel, 75 percent of those who gamble in
28 Mississippi come from outside the state. And as I listened to
29 the testimony, I think in at least one case you lived outside the

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1 state. You lived in Tennessee. I don't know if your husband
2 gambled in Mississippi.

3 ROBIN: In Tunica.

4 COMMISSIONER McCARTHY: Gambled in Mississippi. So
5 it's difficult for you to trace what happens to how ever many
6 cases there are of the 75 percent of the people who may gamble in
7 Mississippi but go back to their homes and their businesses
8 outside.

9 And somehow, maybe what this commission has to come
10 up with is some kind of regional mechanism to address these
11 issues because this is the characteristic we're facing here.

12 Before you came on, I asked the prior panel --
13 although I think the chair was believing I was acting like a
14 patriotic Californian the way I asked these questions here --
15 what about all the California gamblers that go to Nevada and
16 gamble and they go back home? What happens to them?

17 How many problem or pathological gamblers are there
18 and does the State of California have to address that? What's
19 the responsibility of the benefiting state? Similarly here. We
20 have the same problem. Is there any kind of discussion going on
21 among Mississippi leadership that might, you know, fairly address
22 that problem?

23 And I know this is a lot of new information for a lot
24 of us so I certainly don't expect it to happen here when it's not
25 happening in most other places, but I'm wondering if you could
26 share with us whether anything is happening here to address the
27 problem.

28 We've heard from several cases from the three
29 witnesses on the opposite end of the table from you. I take it

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1 there must be a number of more cases we're not hearing about, and
2 is anybody doing anything about it?

3 MR. HEIDEL: To my knowledge, sir, the casino
4 association has been addressing some of those needs and talking
5 about them. It took the casino industries in this state
6 approximately two years to come together and put together an
7 association so that they will be prepared to address some of
8 these questions in the State of Mississippi.

9 COMMISSIONER McCARTHY: Yes. I do want to
10 acknowledge, incidentally, that the American Gaming Association
11 has created a Center for Responsible Gambling and has devoted, I
12 think it's \$2.7 million or something to nine or ten areas of
13 research, most of which look at the long term like they might
14 give us some information that would be helpful.

15 The sense you get when you listen to testimony at
16 these different site hearings we're holding around the country is
17 the negative outcomes, which we have trouble quantifying, may be
18 racing beyond whatever meager efforts are taking place.

19 So while we want to be happy about the upside, which
20 our colleague, John Wilhelm, rightfully points out is occurring
21 for people to gain employment and elevate their standard of
22 living, we really are not coping, and as a matter of fact, I keep
23 encountering in the Arthur Andersen report elsewhere, that it's
24 sort of dismissive about the problems that are out there, the
25 negative outcomes.

26 And we have a tough time getting at this because
27 those who maybe should be more aggressively addressing it, I dare
28 say even in their own self-interest, are a bit slow at doing so.
29 Thank you. That's all I wanted to say.

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1 CHAIRMAN JAMES: Dr. Dobson.

2 COMMISSIONER DOBSON: I'm mirroring to some degree
3 Mr. McCarthy's comments. I want to express appreciation to the
4 three women who testified today, especially the two who shared
5 very sensitive, personal stories.

6 It's difficult to come before a group like this and
7 open that part of your life, and I've found it very helpful to
8 put a face on this activity, a human face on it. We have heard
9 repeatedly throughout this commission of the benefits of jobs and
10 the economic advantages of gambling coming into an area.

11 Until we see the implications of that and understand
12 that everybody who gains also has someone who loses, there's
13 somebody out there who has sacrificed that money one way or the
14 other to make that possible. So thank you for your willingness
15 to do that today.

16 I want to ask a question to the three gentlemen who
17 are here that came from some statistics I got just 20 minutes
18 ago. I sent a message back to the researchers back in my own
19 home base and asked for information that I didn't hear here.

20 And you can validate or disagree with these numbers,
21 if you want to, but this was the best information we were able to
22 get concerning the unemployment rate in the State of Mississippi
23 with the advent of gambling and what happened afterwards in this
24 state as compared with the national average.

25 And these are the numbers I have here. 1992, the
26 unemployment rate in Mississippi was 8.2; in 1998, it was 4.8.
27 The United States average went from 7.5 in '92 to 4.1 in '98. In
28 other words, there is a drop of 3.4 percent in Mississippi and a
29 drop of 3.4 percent nationally.

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1 Now, I keep hearing about the economic miracle, the
2 Mississippi miracle. I heard about it in Atlantic City where
3 there's a 15 percent unemployment rate. I've heard about it in
4 different places. Everywhere we go they talk about the great
5 benefits of gambling coming in.

6 These figures don't say to me that there's any
7 Mississippi miracle except right here, around and in the casino
8 environment, where you do have jobs and you have people who are
9 able to buy homes and now they're able to do things they couldn't
10 do before.

11 We've heard that and it's true. Obviously, some
12 people benefit, but what is the overall impact? Mr. McCormick,
13 I'd like to hear from you and then --

14 MR. McCORMICK: Well, I will admit that -- well, it's
15 my understanding that the unemployment rate along the Gulf Coast
16 is even lower than the state average and it's probably the lowest
17 it's ever been. That's my understanding.

18 COMMISSIONER DOBSON: It is lower now than it was in
19 '92?

20 MR. McCORMICK: Yes, the unemployment.

21 COMMISSIONER DOBSON: I'm hearing that and yet I
22 don't hear it in testimony. I'd really like to validate those
23 numbers, if that's possible.

24 MR. HEIDEL: Maybe I can help you with that. In
25 1992, when I came to this position with the government, we had a
26 \$75 million deficit -- I'm going to get to the unemployment
27 rate -- \$75 million deficit in state government. We have an
28 excess -- a surplus at the present time.

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1 So the economy has grown from approximately \$1.4
2 billion being budgeted to state government and we will budget in
3 this next session of the legislature somewhere in the
4 neighborhood of \$3.6 billion. There's been tremendous growth
5 throughout the state and the unemployment rate has gone down
6 throughout the State of Mississippi in every area.

7 COMMISSIONER DOBSON: Paralleling the national
8 average.

9 MR. HEIDEL: Gaming has not been the total thing
10 that's done it. Expansions of industry, the locations of new
11 manufacturing facilities, the opening of malls, retail jobs being
12 created, new medical facilities, things of that nature created
13 this economy and it brought the unemployment down.

14 You have to understand basically our economy has
15 been, for awhile, based on low-paying jobs in the garment
16 industry, the garment industry and agriculture. The garment
17 industry has now moved offshore. Our unemployment rates went
18 high.

19 We had to retrain the people of the State of
20 Mississippi in new technology to be able to step in to new
21 manufacturing jobs. And so what is happened is we've gone from
22 basically a garment industry manufacturing state into the higher
23 tech, higher paying jobs of the State of Mississippi.

24 Certainly as you lose jobs, you have to get those
25 jobs back. That has been part of what I'm trying to say to you
26 know, been part of why the unemployment has not just gone to the
27 bottom.

28 But if you look around the state and you talk to the
29 construction industry, you go from manufacturer to manufacturer

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1 and talk to them about the jobs that they have available, Tupelo
2 area where we lead the nation in production of upholstered
3 furniture, all of that they'll tell you they could use more
4 people to work at the present time.

5 And we don't have the people out there to be
6 employed. And we're having to recruit from outside the State of
7 Mississippi people to come in and take the jobs. So when you
8 talk about an unemployment rate, you have to look carefully at
9 what's creating that unemployment rate and how it's come down and
10 where it needs to go and what created that situation.

11 And what I'm trying to explain to you, it's been a
12 diversified economy that has done that. When you think about the
13 fact that we had a half a million dollars in my budget in 1992 to
14 market economic development and tourism, and today we're spending
15 in excess of \$12 million and more people are coming and spending
16 their money, we're having exhibits that we've never had before
17 like the St. Petersburg exhibit from Russia, the Versailles
18 exhibit is just now leaving here, things -- the whole economy has
19 improved in this state from that standpoint and certainly we have
20 a lower unemployment rate.

21 And yes, we probably mirror -- at times, we've been
22 way below the national unemployment rate and it fluctuates up and
23 down.

24 But if you look at per capita income growth in this
25 state, county by county, which I can get you that information,
26 you'll see within a 10-year period it has either doubled or
27 tripled in almost county in the State of Mississippi.

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1 COMMISSIONER DOBSON: Going back to what Mr.
2 McCormick said, what is the unemployment rate in the Tunica area
3 right here?

4 MR. HEIDEL: The last figure I saw was 3 percent.

5 MR. MURPHREE: The figure -- the most recent we
6 received, the July figure, which we just received this week --
7 you may not have that -- is 4.9 percent.

8 COMMISSIONER DOBSON: That's in Tunica?

9 MR. MURPHREE: Yes, sir.

10 MR. HEIDEL: It's even lower here.

11 COMMISSIONER DOBSON: Let me ask you a question
12 that's, again, very similar to what Mr. McCarthy said. I've been
13 interested for some time in the situations where people come from
14 another state, another area to gamble and then return.

15 Have you talked to the leaders of Memphis about the
16 impact of gambling in their area on unemployment there and on
17 bankruptcies especially and on figures of that nature?

18 MR. MURPHREE: Yes, sir. I've had some dialogue,
19 particularly -- and I'll give you a name if you all haven't had a
20 contact with this individual yet -- there's a Dr. John Netsky at
21 the University of Memphis who has done some extensive economic
22 impact studies on the effects of gaming in our region, not just
23 in Memphis but in the mid-south.

24 And I wouldn't try to tell you what his point is.

25 COMMISSIONER DOBSON: So you don't have that
26 information.

27 MR. MURPHREE: But he is -- would be a very good
28 source of information for you on that.

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1 CHAIRMAN JAMES: Thank you very much. And last
2 question.

3 COMMISSIONER DOBSON: Kelly, if you would follow up
4 on that, I'd appreciate it. Excuse me.

5 CHAIRMAN JAMES: Last question, Commissioner Lanni.

6 COMMISSIONER LANNI: Well, just as a follow-up to
7 Commissioner Dobson, I think it would be helpful if the staff
8 were able to obtain some definitive information relative to
9 employment levels prior to and post-gaming.

10 I think it would also be helpful to, although I agree
11 with Commissioner Wilhelm, I think this is one country and
12 regardless of where you come from within this country or if
13 you're an alien who's come to this country, you should have the
14 right to get a job no matter where you are, but that's a separate
15 issue.

16 I think it would be helpful, though, to answer some
17 of the questions as to how many of the individuals who are
18 employed in each of these areas by the gaming industry are
19 originally from Mississippi. It would be helpful, I think.

20 CHAIRMAN JAMES: We will certainly try to get that
21 information for the commissioners. On behalf of the
22 commissioners, I'd like to thank each of you for the information
23 that you've shared with us today. Encourage you to stay in touch
24 with the commission as more information becomes available to you
25 and request that you share that information with us.

26 At this time, I'd like to recess for lunch. And
27 Commissioners, I'm going to -- we're going to have to try to make
28 up some time this afternoon to see if we can get back as close to
29 two o'clock as we can from lunch.

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Thank you very much.

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