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CHAIRPERSON JAMES:

Dr. Kalt we

19 really want to thank you for being here, particularly

20 with your personal circumstances and I'd like to

1 express the condolences of the Commission on the death
2 of your father. And we appreciate the effort that
3 you've made to be here today, and look forward to your
4 testimony.

5 DR. KALT: Thank you very much, Madam
6 Chairman. And I thank you for the opportunity to be
7 here.

8 Along with my colleagues Professor Steve
9 Cornell at the University of California, San Diego and
10 Dr. Manley Begay at the Graduate School of Education at
11 Harvard, we at the Harvard Project on American Indian
12 Economic Development have been working for about ten
13 years to try and get a handle on what is working in
14 Indian country when it comes to sustained economic
15 development and socially successful Reservations. And
16 I will take your admonitions to summarize and try to be
17 direct and blunt with my remarks.

18 Whether it is the tiny operation operating
19 out of a prefab trailer at the Pine Ridge Reservation
20 in South Dakota or the development of a destination

1 resort at Fondulac in rural Minnesota, our research
2 repeatedly and unambiguously finds that tribal gaming
3 enterprises yield net positive economic and social
4 benefits to those tribes and their communities where
5 tribes exercise their rights of sovereignty and choose
6 to enter the game.

7 As best we can tell the contributions that
8 gaming is making to the affected tribes and their
9 communities come in two primary forms. The first is
10 economic. The jobs, personal income, and governmental
11 revenues that gaming enterprises generate are making
12 dents in a the long standing problems of poverty and
13 associated social ills in Indian country.

14 The second kind of contribution may be more
15 important, it is institutional. The success of tribal
16 gaming enterprises has enabled tribes to break decades
17 of institutional dependence, in which tribal
18 governments have been compelled to operate as defacto
19 appendages to federal programs and bureaucracies.
20 There's one thing that our research on gaming and non-

1 gaming tribes alike demonstrates is that economic,
2 social and political success in Indian country does not
3 occur unless tribes have the sovereignty to govern
4 themselves, on their own terms, and with their own
5 institutions.

6 If you're not aware, what I just said is a
7 very pro-Indian thing to say. We believe it is based
8 firmly on the research. We cannot find a single case
9 in Indian country where federal planning programs and
10 management of the reservation economy has produced
11 sustained economic development and social well being.

12 That statement, if I were to say to you we
13 can not find a single case in Eastern Europe where
14 Soviet domination of the economy produces sustained
15 economic development wouldn't surprise you, it
16 shouldn't surprise you in Indian country. The only
17 thing that is working is self-determination and self-
18 government.

19 The contributions of tribes' investments in
20 the gaming industry can only be assessed against the

1 backdrop of long standing deficits of income,
2 infrastructure, employment, education and social health
3 that plague Indian country. That is measurements of
4 employment gains and income improvements in the last,
5 have to be gauged against how far America's reservation
6 citizens have to go.

7 The deficits of economic and social
8 deprivation in Indian country are simply staggering.
9 You'll find in my statement a summary of a number of
10 these statistics, as of 1990, in the U.S. Census, just
11 as class III gaming was entering the picture for
12 tribes.

13 Indians on reservations were America's
14 poorest population, per capita income in Indian country
15 was only about one-third of the average for Americans.
16 More than half of all Indian persons on reservations
17 were living below the poverty line, as opposed to 13
18 percent for the U.S. as a whole. Unemployment on
19 reservations pushed over 40 percent on average, when
20 the national economy showed only six percent

1 unemployment. In fact, right now, in the late 1990s,
2 unemployment on many reservations exceeds 50 percent
3 and some places real joblessness pushes above 90
4 percent.

5 Along with these economic factors,
6 indicators of social ill-being, from suicide to
7 tuberculosis, and from the quality of the roads to the
8 age of the school buildings are discouraging in their
9 seriousness.

10 It is in this environment of extreme
11 deprivation that successful gaming ventures make their
12 contributions. For it is important to understand that
13 unlike net income earned by private investors in
14 private gaming operations, tribal gaming enterprises
15 yield public revenues. These revenues are employed by
16 tribal governments to meet the needs of their citizens
17 in much the same way the state government lotteries
18 supports states' legitimate governmental functions and
19 obligations.

1 The use of tribes gaming revenues is in
2 accord with IGRA, and has been documented in numerous
3 studies. You'll find a summary in my statement. The
4 use of tribal revenues spans the range from health and
5 education to community infrastructure and job training.

6 Tribal gaming operations are not only
7 enhancing the ability of tribal governments to meet the
8 needs of their citizens, they are also making direct
9 and indirect contributions to reservations and off
10 reservation economies through the commerce they create.

11 Perhaps the most widely studied impacts of
12 gaming are those in Wisconsin. And I note as a
13 Professor I've loaded my statement with footnotes, you
14 might find some of the studies that I've summarized in
15 here useful to you.

16 In Wisconsin it's estimated that Indian
17 gaming is contributing a net addition to employment of
18 approximately 18,000 workers. And on the order of one
19 billion dollars per year to the state's gross domestic
20 product. In study after study, tribal unemployment is

1 reduced with the introduction of gaming and ancillary
2 employment is created both on and off reservations as
3 patrons travel, feed and lodge themselves during their
4 visits. Improvements in employment are accompanied by
5 net increases in income and sales taxes for state and
6 local governments. And AFDC and unemployment insurance
7 and the like are reduced.

8 Finally, multiple studies consistently find
9 that crime is reduced with the advent of tribal gaming,
10 apparently, from what we can tell, correlated with the
11 improvements in employment and income.

12 The impacts that tribes are having and that
13 they are bringing to surrounding communities when they
14 decide to undertake and succeed in developing gaming
15 operations, have led many outside Indian country to
16 view the rights of tribes to enter the industry as some
17 sort of welfare program for American Indians. This
18 perspective fails to recognize that the decisions of a
19 tribe to enter gaming or to forego gaming are acts of
20 self-governance. They do not differ in their character

1 from those taken by a state or a national government.
2 Importantly, our research indicates that tribes with
3 long cultural histories of receptivity to, and social
4 control over, gambling have been more likely to enter
5 into gaming than tribes with long standing cultures
6 that are more resistant to gambling. In other words,
7 the tribes that have been most willing to undertake
8 gaming have been those for whom it was most culturally
9 appropriate. And numerous tribes have voted down
10 gaming as self-determined acts of self-governance.

11 We think that herein lies the most
12 important impact of tribes' rights to embark in gaming.
13 Just as with economic progress in sectors other than
14 gaming, tribes' powers of self-government are
15 repeatedly found to be the prerequisite for success.
16 But both the economics and the morality of the issue
17 argue against reigning in the rights of tribal citizens
18 to govern themselves. To do so not only violates basic
19 human rights of self-government, but also pretends a
20 return to policies of dependencies and subjugation.

1 Policies that have made Native Americans and their
2 governments dependents of the federal or state
3 governance have been the single most destructive effect
4 in Indian country in the last century.

5 For many tribes gaming has provided the
6 opportunity and the resources for breaking the cycles
7 of dependence.

8 Thank you.

9 CHAIRPERSON JAMES: Thank you

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