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COMMISSIONER McCARTHY: The meeting of the
Subcommittee on Research of the National Gambling
Impact Study Commission will now reconvene.

We intended this meeting today to do two

1 things: To take testimony from any members of the
2 public as to what kind of research they feel should be
3 undertaken; and, secondly, to develop the research
4 agenda that will be presented to the Commission at the
5 October 31 meeting in Washington, D.C.

6 At the Subcommittee's last meeting, we had
7 Dr. Peter Reuter and Dr. Tim Kelly in a three-hour
8 interchange with the three of us, and we asked them to
9 frame what that primary research agenda would be and
10 to start talking about how we would schedule this to
11 the budget limitations of the Commission.

12 I would now like to get into a dialogue
13 with Doctors Reuter and Kelly. I would like Dr.
14 Reuter to open up and take us through the draft
15 research agenda that has been begun. Let's get to it.

16 DR. REUTER: Okay. Dr. Kelly and I worked
17 on this collaboratively and perhaps the discussion on
18 pathological gambling and the prevalence of gambling
19 should best be directed to Dr. Kelly.

20 This agenda is intended to be responsive
21 to the discussion of October 2 and to focus on trying
22 to sort of get from the answers to the questions that
23 the Subcommittee legitimately asked, to a set of
24 activities that could be put in some order for
25 purposes of the collection of data and the

1 commissioning of research.

2 We took, as central to this collection,
3 data both about individuals, and about communities.
4 Those are sort of the two major empirical lines of
5 research. The document describes surveys, both a
6 national survey and, potentially, a national household
7 survey. Also, surveys of communities with specific
8 gambling facilities, certainly including casinos, and,
9 perhaps, targeted surveys of frequent players,
10 including problem and pathological gamblers.

11 Now, the reason for not simply relying on
12 the national household survey is that such surveys are
13 likely to turn up predominantly people who are not
14 pathological or heavy gamblers. Given budget
15 constraints, if we want to do a collection of data
16 about problem and pathological gambling, we may have
17 to do our own surveys that are much more targeted.
18 Hence, the focus is on frequent players and
19 communities in which frequent gambling is likely to be
20 more prevalent.

21 I'm not sure what exactly I should cover
22 in terms of discussing this or whether you would like
23 me to go over everything and then come back to --

24 COMMISSIONER McCARTHY: Yes. I think we
25 want to take these up in sequence.

1 DR. REUTER: Great. I appreciate that,
2 yes.

3 Are there any questions at this stage
4 about the surveys?

5 COMMISSIONER McCARTHY: All right. Well,
6 let's take up the issue of the national survey first,
7 the National Survey of Gambling Behavior.

8 Dr. Dobson?

9 COMMISSIONER DOBSON: First of all, I'd
10 like to say I think you all did an outstanding job.
11 I'm very impressed with the work that you've done. It
12 was a tough assignment in a short period of time, and
13 I think we're well on the way. I have some comments.
14 Some of them are nit-picky, and one or two of them, I
15 think, have some substance to them.

16 Let's start with the nit-picky -- in
17 regard to that first item.

18 DR. REUTER: Okay.

19 COMMISSIONER DOBSON: The Footnote 2 at
20 the bottom of page 2 says, "In addition, this is a
21 relatively rare behavior." I'm not sure we're ready
22 to say that; I don't think we have documentation to
23 say that. And even if we do, I'm not sure I would
24 want to put it in this statement which pre-supposes
25 what we're going to find.

1 DR. REUTER: Could I just defend that and
2 explain why it had some significance to that? I
3 believe that an estimate as high as ten percent would
4 be regarded as an extremely high estimate on the basis
5 of anything we know from the world generally.

6 Just knowing that ten percent is a high
7 estimate tells you a lot about what you're going to
8 get by way of data from the household survey in terms
9 of the number of respondents who fall into this
10 category. So it's important to know that it's likely
11 to be less than ten percent, rather than somewhere
12 between 25 and 50 percent, because that tells you
13 about sample design issues and what not.

14 COMMISSIONER DOBSON: I would be more
15 comfortable if it would refer to it as a percentage of
16 the population or something.

17 DR. REUTER: Absolutely.

18 COMMISSIONER DOBSON: But it's like saying
19 HIV and AIDS is a relatively rare disorder. Well, it
20 isn't to the guy who has got it, you know.

21 DR. REUTER: Well, I take your point.

22 COMMISSIONER DOBSON: Okay.

23 DR. REUTER: We'll remedy that.

24 COMMISSIONER DOBSON: We're still on the
25 first point?

1 DR. REUTER: Right.

2 COMMISSIONER DOBSON: Okay. I am
3 concerned that, on page 3, we're dealing with
4 information that comes from the industry itself in a
5 kind of a passive --

6 COMMISSIONER McCARTHY: I'm sorry. You
7 meant -- are we leaving the national survey issue?

8 COMMISSIONER DOBSON: That's right. I'm
9 still on that.

10 COMMISSIONER McCARTHY: That's fine.

11 COMMISSIONER DOBSON: Do you want to let
12 somebody else talk?

13 COMMISSIONER McCARTHY: No.

14 COMMISSIONER DOBSON: It's still that
15 first group of --

16 COMMISSIONER McCARTHY: It's still the
17 national survey?

18 COMMISSIONER DOBSON: Yes, page 3.

19 COMMISSIONER McCARTHY: Yes.

20 COMMISSIONER DOBSON: Again, I think the
21 wording here is unnecessarily passive and a little
22 delicate.

23 DR. REUTER: Okay.

24 COMMISSIONER DOBSON: -- to get
25 information from the industry.

1 COMMISSIONER WILHELM: Okay. Jim, are you
2 in the middle of page 3?

3 COMMISSIONER DOBSON: That's right, the
4 paragraph that says, "If the casino industry is
5 willing to cooperate." And it might be possible.

6 The statute allows us to seek information
7 voluntarily from the gaming industry, and then there
8 are other avenues if we're not able to get it. But
9 this almost implies that we're at the mercy of their
10 willingness to cooperate and, maybe, they'll come up
11 with several people we can talk to.

12 Well, you know who they're going to come
13 up with; they're going to be very carefully chosen,
14 and I wouldn't blame them for doing that. So it
15 bothers me that this is written in a way that appears
16 that we're vulnerable to whatever they choose to
17 cooperate with us in doing. Obviously, if we had to,
18 we have subpoena power for documents. So I think that
19 ought to be strengthened.

20 COMMISSIONER WILHELM: I have a different
21 question about that which is really a methodological
22 question.

23 I have a sort of instinctive dislike for
24 the notion that a government agency, which, in one
25 sense or another, this Commission is, is going to go

1 dig up on an involuntary basis the names of citizens.
2 And I recognize we have a purpose for that that we
3 believe to be benign or constructive, that is -- to
4 assess the problem gambling issue.

5 But, you know, by the same token that I
6 wouldn't be particularly happy with the IRS or some
7 government agency seizing names of people and then
8 going and talking to them about something, I'm not
9 quite comfortable with the notion that, one of the
10 things that the Commission is going to do is go to the
11 casino industry or, for that matter, anybody else. I'd
12 feel equally uncomfortable, for example, if the
13 Commission were going to go treatment agencies and
14 say, "Well, how do you perceive the problem?," or,
15 "What kinds of difficulties are you treating?," or
16 things like that which, I think, are highly
17 legitimate. But, rather, on an individual name-by-
18 name basis say, "Tell us who these people are; We, the
19 government, are going to go talk to them."

20 That makes me very nervous. So,
21 methodologically, I'm wondering whether, either now or
22 between now and our next meeting, you could think
23 about whether there's some other way to get at that.
24 To me, this is Big Brother, and I don't like it just
25 as a matter of general principle.

1 DR. REUTER: I'm not sure that, on that,
2 I should be the one to respond to your concern about
3 privacy. I certainly take your point that, of course,
4 we want to consider whether there is an invasion of
5 implied privacy associated with these records. I'm,
6 obviously, not a lawyer, and my opinion's worth
7 exactly that.

8 I thought the methodological problem that
9 you were going to raise is the one that's sort of
10 referred to in a rather back-handed manner here, which
11 is a sample of people who the casinos know play
12 heavily in an individual casino. We know very little
13 about what that represents as a part of the population
14 of people who gamble heavily.

15 Now, we may be able to get something from
16 our own household survey. If we found in the
17 household survey that of those that we classified as
18 pathological gamblers, 55 percent reported that most
19 of their gambling was at casinos, then one might be
20 able to draw some conclusions. Or, we might be able
21 to describe that part of the universe of pathological
22 gamblers by going to the casinos, but there is the
23 delicate task of getting from any of these samples to
24 a description of the population that they represent.

25 COMMISSIONER WILHELM: Just to pursue this

1 point, because I happen to believe that the government
2 doesn't belong in people's personal lives as
3 distinguished from studying social problems of the
4 kind that we're talking about here.

5 So just to personalize it, in my own life,
6 if some agency of the United States Government is
7 conducting a study of union activity and I'm an
8 officer of a labor union, I don't have any problem
9 with that. But if that agency were to come to the
10 union and say, "Give us the names and addresses,"
11 presumably, "The names of rank-and-file workers in the
12 hotel industry who are activists in the union," I'd
13 have a problem with that.

14 And I would apply that to virtually any
15 walk of life that I can think of. It's Big Brotherism
16 to me, and it makes me worry. So the reason that I,
17 perhaps clumsily, put that as a methodological
18 question is that I'm just wondering whether we can
19 accomplish the objective here, which I perceive to be
20 a legitimate one, without invading the privacy of
21 individual people.

22 COMMISSIONER McCARTHY: Let me make a
23 comment on this, if I may. There are two questions
24 here. One is our willingness to subpoena the casino
25 industry or any gambling company to obtain the

1 information that we need for our deliberations.

2 But the separate issue, I think, is the
3 one that Mr. Wilhelm is touching upon. That is, what
4 are the rights of privacy of customers?

5 COMMISSIONER WILHELM: Yes. Not
6 companies, but customers. Exactly.

7 COMMISSIONER McCARTHY: What are the
8 rights of customers here as to whether they give out
9 that information or not? I frankly would want to
10 examine very carefully the grounds casino customers
11 may have to bring law suits against this Commission
12 for doing that.

13 COMMISSIONER DOBSON: I think I agree with
14 that and you make a good case, John. There's
15 obviously information on compulsive gambling and on
16 the percent of the income to a casino that comes from
17 the heavy better. Information that relates to this
18 question would not identify individuals.

19 COMMISSIONER WILHELM: Well, I don't know.
20 I represent workers in the industry. I don't know
21 exactly what they do in terms of player tracking and
22 that sort of thing. I know they do it.

23 To me, a statistical inquiry, I think, is
24 a legitimate kind of inquiry, as distinguished from an
25 inquiry about individual people. So there may be

1 stuff like that, and that would make more sense as an
2 avenue, rather than asking about Jim Dobson or Leo
3 McCarthy.

4 COMMISSIONER McCARTHY: May I chime in on
5 your question?

6 COMMISSIONER WILHELM: Sure.

7 COMMISSIONER McCARTHY: The value of the
8 research being presented by Dr. Reuter and Dr. Kelly
9 here is the interview of the serious or pathological
10 gambler. It's not some information that any
11 particular gambling company might make with a list of
12 nameless players, A, B, C, D. If we couldn't
13 interview, how would we know how to evaluate --

14 COMMISSIONER DOBSON: Yes. Well --

15 COMMISSIONER McCARTHY: -- the nature of
16 the problem, the characteristics of the serious
17 gamblers?

18 COMMISSIONER DOBSON: Would it be helpful
19 for us to know as a hypothesis that 60 percent of the
20 income to a casino comes from people who are very,
21 very heavy betters and gamblers?

22 COMMISSIONER McCARTHY: I should think it
23 would.

24 COMMISSIONER DOBSON: There's only one way
25 to get that information: It's either voluntary or

1 subpoenaed from the gambling industry. They're the
2 only ones that know that.

3 COMMISSIONER McCARTHY: All right. Well,
4 that's a different issue than what we're talking about
5 in this paragraph.

6 COMMISSIONER DOBSON: Well, it's not what
7 we're talking about in this section --

8 COMMISSIONER WILHELM: Yes. I was just
9 reacting to this specific notion about getting the
10 names of heavy players. That's all.

11 DR. REUTER: Well, could I --

12 COMMISSIONER McCARTHY: Yes. Dr. Reuter?

13 DR. REUTER: I mean I agree that there are
14 two useful kinds of information. And one seems to be
15 uncontroversial in terms of the Commission's right to
16 get it, which is the statistical information about the
17 share of any individual casino's revenues that it
18 estimates comes from gamblers who play more than and
19 spend more than so much. And my understanding is that
20 is, indeed, for marketing purposes, a record or a
21 database, that many of them maintain very
22 scrupulously.

23 It's -- the second issue that was raised.
24 As it appears here, we were indeed trying to identify
25 a set of people that we could interview as possible

1 pathological gamblers. I think Mr. Wilhelm has raised
2 a serious concern about whether that is consistent
3 with the privacy rights that someone has in entering
4 a casino and in their database.

5 I would say that the household survey, if
6 it is well done, should provide us some information
7 about the contribution, the share of all casino
8 gambling and casino expenditures accounted for by
9 pathological gamblers, because you get an estimate of
10 how much play comes from pathological gamblers by the
11 type of gambling. You know what is the industry
12 total, and you can from that estimate what share is
13 generated by the pathological gamblers.

14 Now, the question is whether the precision
15 of the estimates from a household survey for this not
16 rare, but small, group is large enough to give us much
17 confidence in that.

18 I found one of the few, probably,
19 excellent copies of the 1976 survey. I kept it. I
20 was always planning to throw it out, but, somehow it
21 sat on the shelf. And here it is.

22 I was amazed at how accurate were their
23 survey-based estimates of total wagering. They came,
24 and even they admit that this was just bizarre, but
25 they came within .1 percent of the actual estimate of

1 total expenditures on legal gambling from the survey.

2 Now, when you get down to the individual
3 games, there was more variation, and as much as 20
4 percent difference from one form. But they were
5 really quite impressive in that respect. And I think
6 that, now, we have better methods for asking questions
7 and so on.

8 I think it is possible that in addition to
9 anything that the casinos might supply us by way of
10 statistical information about the individual casinos
11 and what share of wagering comes from heavy gamblers,
12 we'd also have a separate estimate from the survey of
13 the share of casino wagering generated by pathological
14 gamblers.

15 COMMISSIONER McCARTHY: John?

16 COMMISSIONER WILHELM: Okay.

17 COMMISSIONER McCARTHY: We're still on the
18 national survey issue here.

19 COMMISSIONER WILHELM: Does that include
20 the targeted surveys which are listed here sort of as
21 a subset of the national survey at the bottom of page
22 2?

23 DR. REUTER: Yes. The surveys of casinos.
24 Again, I went back to the 1976 survey. And I had
25 entirely forgotten --

1 For the audience, I was a research
2 director for the 1976 study.

3 I ought to remember those things, and just
4 haven't, you know. I forgot we did a special survey
5 of Nevada and, you know, the sample there.

6 COMMISSIONER WILHELM: Both people that
7 lived in Nevada at that time?

8 DR. REUTER: It wasn't that long ago.

9 And the purpose of that was to see whether
10 there was a difference between Nevada participation
11 rates and participation rates elsewhere, with some
12 interesting results.

13 With the targeted surveys, I think you
14 could weight them so as to increase the precision of
15 your estimates of the share of casino wagering coming
16 from heavy gamblers. I'm pretty confident you could
17 design it so that it was mastered inside the national
18 survey. So you would be able to do that.

19 COMMISSIONER WILHELM: Well, I would have
20 two comments with regard to the targeted surveys.
21 Again, as I said in the other room in response to the
22 testimony that was given, I think that the -- and I
23 think we're all agreed on this -- the notion of a
24 national survey of gambling behavior overall makes an
25 enormous amount of sense.

1 Without trying to be oblivious to the
2 budgetary issues, it would seem to me that -- and you
3 have some observations on the top of page 2 about
4 various methodological approaches to such a survey.
5 It would seem to me, without being oblivious to the
6 budgetary issues that if we're going to do this at
7 all, we might as well do it as close to right as we
8 reasonably can, whatever that means. And I'm not an
9 expert on surveys.

10 DR. REUTER: Yes, right.

11 COMMISSIONER WILHELM: With respect to the
12 targeted surveys that you discuss at the bottom of
13 page 2 and the top of page 3, I had an observation and
14 a question. Well, two observations, I guess.

15 First, you do in Footnote 3 nod in the
16 direction of using the targeted survey approach for,
17 as you put it, "Other locally important forms of
18 gambling," even though the body of your text refers
19 only to the casino communities.

20 I want to reiterate a point I tried to
21 make at our last meeting, which is: I think that if
22 we're going to go to the effort and the expense of
23 assessing these things, it makes no sense at all in my
24 mind to focus only on casino communities.

25 Again, I recognize that the footnote nods

1 in this direction, but I don't believe -- first of
2 all, I don't think this ought to be a question of a
3 footnote, and I'm not trying to nit-pick. But,
4 secondly, I don't think the footnote goes far enough.

5 Just as an example, I think that a
6 community which is known to be a very heavy lottery
7 community in a state which has become more aggressive
8 with respect to the types of more predatory lottery
9 systems that it has been implementing, like
10 Massachusetts -- somebody told me that Massachusetts
11 has an extraordinarily high incidence of average
12 lottery betting per capita.

13 DR. REUTER: Twice the next-highest state.

14 COMMISSIONER WILHELM: So it seems to me
15 that within the notion of targeted surveys, we ought
16 to look at, certainly, casino communities -- I don't
17 dispute that at all, but we ought to -- and you make
18 reference in the footnote perhaps to card rooms or to
19 parimutuel facilities.

20 I would hazard a guess that you'd have
21 trouble identifying a place that has enough card room
22 people customers in it to make a worthwhile survey.
23 But I could be wrong about that because card rooms are
24 only now becoming large-scale facilities.

25 But, certainly, with regard to things like

1 lotteries and the more predatory forms of lotteries
2 and so on, it seems to me that it would be important
3 to have a diversity of communities in the targeted
4 surveys.

5 Secondly, it seems to me that -- and I
6 tried to make this point before, but I think that we
7 make a fundamental mistake from which we'll never
8 recover if we talk about casino communities as though
9 they're all the same. Somewhere else in here, you
10 have a reference to rural and urban and the like, and
11 that is certainly an important variable.

12 But I think -- both with regard to the
13 problem gambling issues and with regard to the
14 economic issues, I think we have to take a look at a
15 diversity of casinos. I mean just to use the extremes
16 of the spectrum -- and, of course, it depends on what
17 one means by casinos. But, the truck-stop video
18 lotteries that draw from the surrounding 25 miles in
19 Louisiana are one set of facts with respect to problem
20 gambling and with respect to economic impact,
21 including the number of jobs that are created and the
22 type of jobs and the quality of jobs that are created.

23 Destination resorts that employ thousands
24 of people and draw customers from all over the country
25 and all over the world are probably the other end of

1 the spectrum. And intuitively -- and this needs to be
2 tested, but intuitively, it seems to me that that
3 range of so-called casino-type operations probably has
4 fairly different impacts with regard to both problem
5 gambling and economic impact.

6 And for those reasons -- and I will make
7 this point later on at another part of this proposal
8 that you've put together here -- it seems to me that
9 these targeted surveys ought to take those variables
10 into account.

11 DR. REUTER: Could I just respond? You're
12 quite right. The footnote was -- you know, late in
13 the process when I realized that it shouldn't just be
14 casinos. I couldn't find any elegant way of putting
15 it in the text, and so I stuck it in a footnote. But
16 your point is certainly correct, and I'll try to
17 figure out a better way of saying it and putting it
18 into the text.

19 I agree that it would be desirable to take
20 into account the range of casino activities. In a
21 previous document that I think you've seen, I did try
22 to make the point that casinos were a heterogenous set
23 of activities

24 COMMISSIONER WILHELM: Yes, you did.

25 DR. REUTER: There's a limit to what you

1 can do with a national survey in terms of capturing
2 all those dimensions of variation. I think one can
3 say that there should be a recognition in designing
4 this that the casino communities should be sampled in
5 a way that takes account of the most important
6 dimension of variation. I don't know what that is,
7 but it could account for the one or two dimensions.
8 There would be a limit to how much of that one can do,
9 however.

10 COMMISSIONER WILHELM: Well, I certainly
11 recognize, as I said, that there's probably no use in
12 even thinking about that in relation to the national
13 survey. I was thinking --

14 DR. REUTER: Even in the targeted -- I'm
15 sorry.

16 COMMISSIONER WILHELM: -- of those issues
17 with regard to the targeted surveys and, in
18 particular, with regard to the database of
19 communities. I think it would be essential, since
20 you're talking about a fairly large number of
21 communities to make sure that you include the
22 diversity of those kinds of communities.

23 In that connection, if I might, Mr.
24 Chairman, since this seems to be logically connected,
25 talk for a moment about the item that begins on the

1 bottom of page 3 about databases --

2 COMMISSIONER DOBSON: Before you move on,
3 could I --

4 COMMISSIONER WILHELM: Sure, yes.

5 COMMISSIONER DOBSON: Would it be our
6 intent then to stratify the sample for that?

7 DR. REUTER: Yes. The reason I say yes
8 cautiously is just that I'm not that good of a
9 statistician; I haven't really thought through how
10 much we can stratify in this supplemental survey for
11 that household survey. But I'm pretty sure the answer
12 is yes, we will stratify, and we'll have different
13 weights for different --

14 COMMISSIONER DOBSON: That would
15 accommodate John's concerns to --

16 DR. REUTER: To some extent --

17 COMMISSIONER DOBSON: -- some degree.

18 DR. REUTER: To some degree --

19 COMMISSIONER DOBSON: Yes.

20 DR. REUTER: -- it will.

21 COMMISSIONER WILHELM: I've had
22 discussions about this very issue with Reverend Gray,
23 for example. I think that most people who have looked
24 at this have recognized that, at least, intuitively,
25 there are variable impacts of these different kinds of

1 operations.

2 DR. REUTER: Oh, yes. And, I mean, it's
3 going to be a major design issue. But I would try to
4 draft the document to make it clear that we recognize
5 the heterogeneity and that it must be captured as best
6 as possible in the targeted surveys.

7 COMMISSIONER WILHELM: On that same point,
8 on page 4, in the first full paragraph on the page
9 where you talk about the database on communities
10 which, I think, is a wonderful idea, -- in my view it
11 would be, along with the national survey, perhaps the
12 most important informational contributions that we
13 could make to, as Leo keeps reminding us, the people
14 in local and state communities who have to make these
15 decisions because it would be information, as opposed
16 to argument.

17 But I would make the same point about the
18 diversity of the types of gambling operations. In the
19 first full paragraph, in the second sentence, where
20 you say, "Thus the sample would consist of perhaps as
21 many as 100 communities, depending on the cost,
22 divided into four groups: No legal gambling," which
23 certainly makes sense, and you can find those quickly
24 these days because there aren't very many of them --

25 DR. REUTER: Not allowed to go to Alaska.

1 COMMISSIONER WILHELM: -- "lottery only;
2 lottery plus parimutuel; and lottery plus casino."
3 Again, there's different and more scary kinds of
4 lotteries. There's all different kinds of casinos.
5 I would hope that in designing this diversity of
6 communities -- and by talking about as many as a
7 hundred, you've certainly got room -- those kinds of
8 considerations would be taken into account.

9 DR. REUTER: Again, I certainly agree and
10 will change the language to reflect the fact that this
11 is a preliminary listing and that there has to be
12 recognition that terms like "casino" and "lottery"
13 cover a range and it may be that it's important to
14 make the distinction between lottery states which are
15 fairly passive in the types of games, if there are any
16 left -- I don't know -- and those that have very high,
17 sort of very quick turn-around games and aggressively
18 promote them.

19 COMMISSIONER WILHELM: Leo, I don't know
20 how you want to run this. I have a few more questions
21 and comments. Should I just keep going, or do you
22 want to --

23 COMMISSIONER McCARTHY: No. By all means,
24 both of you, go ahead. This is --

25 COMMISSIONER WILHELM: Jim, I

1 interrupted --

2 COMMISSIONER DOBSON: Go ahead, John.

3 COMMISSIONER McCARTHY: Bringing in the
4 database communities was relevant because it's
5 connected in the context you're raising it to the
6 targeted survey issue. So --

7 COMMISSIONER WILHELM: Again, on the
8 targeted survey issue, Dr. Reuter, it makes complete
9 sense to me with regard to the national survey that it
10 would be oriented toward gambling behavior if, for no
11 other reason, than because of the nature of a nation-
12 wide sample. If you try to get at economic impact,
13 you wouldn't find hardly any. It would be accidental
14 if you found any.

15 But with regard to the targeted surveys,
16 I have this methodological question: Might it not be
17 possible to begin to get at some of the economic
18 impact issues in a targeted survey, as opposed to a
19 national survey?

20 DR. REUTER: Well, precisely because
21 you're doing it -- you're collecting data on
22 individuals, I don't know how you would pick up the
23 economic impact. And you --

24 COMMISSIONER WILHELM: Well, the targeted
25 surveys are going to be in gambling --

1 DR. REUTER: Communities.

2 COMMISSIONER WILHELM: -- communities in
3 some fashion.

4 DR. REUTER: Well, I think I'm not being
5 very swift. I don't see, you know --

6 COMMISSIONER WILHELM: Well, let's take an
7 extreme example.

8 DR. KELLY: Do you mean a self-report of
9 cost related to gambling?

10 COMMISSIONER WILHELM: No -- I wasn't
11 thinking so much of costs, although, now that you
12 mention it, yes. Certainly, you could approach costs
13 that way, it would seem to me, but, also, things like
14 jobs or what's the perception of the impact of casino
15 development or other kinds of gambling development in
16 that community and on taxes, for example. I mean --

17 DR. REUTER: Yes.

18 COMMISSIONER WILHELM: As an example, if
19 you went next year and you took a targeted survey in
20 Biloxi, Mississippi -- Biloxi, Mississippi is a
21 relatively small community that now has this enormous
22 concentration of casinos -- well, I would think you
23 could find out at least as much information in a
24 targeted survey of people in Biloxi, Mississippi about
25 the economic impact of that casino development as you

1 could about the problem gambling impact. Couldn't
2 you?

3 DR. REUTER: I would say that the economic
4 impact you would want to get from aggregate data
5 because it is an aggregate phenomenon and we have
6 pretty good measures for that. Pathological gambling
7 is an individual phenomenon in as much as it has
8 community effects that are very indirect and we can't
9 get them by summing well, let me just stop there.

10 For the economic impacts, we have other
11 and much finer indicators, rather than perceptions of
12 individuals. If we have a sample of 400 in Biloxi,
13 and we don't know the extent to which that makes -- we
14 can't extrapolate from that the performance of
15 Biloxi's labor market. I mean we wouldn't want to
16 estimate an unemployment rate from this kind of
17 survey, whereas, for the pathological gambling, we're
18 really looking here to get information about the
19 individual behavior of pathological gamblers; that's
20 a principal purpose of that targeted survey.

21 COMMISSIONER WILHELM: Individual
22 behavior, but, also, individual behavior as a function
23 of that community, too. Right? I mean, in other
24 words, isn't a targeted study not only trying to find
25 out about, let's say, my individual behavior if I'm

1 one of the studied people, but, also, how many people
2 like me that are behaving that way proportionally in
3 the community?

4 DR. REUTER: Oh, you're certainly correct
5 that one would get out of this, as the 1976 survey
6 did, an estimate for a particular area -- that was
7 Nevada; this might be Biloxi and Memphis or somewhere
8 else -- you would get estimates and that would be very
9 important. You'd get estimates of the prevalence of
10 pathological gambling in those communities. And
11 that's indeed one of the important reasons for doing
12 this.

13 But in addition, you simply get a larger
14 yield and have a larger database of pathological
15 gamblers about whom you have information not related
16 just to their gambling behavior but to their families
17 and economic situations.

18 I'm just saying that it's not clear how we
19 get from that to a measure of the economic impact of
20 gambling on Biloxi, Mississippi; that's where I think
21 the community database is the more appropriate source.
22 Now, if this works out, the targeted surveys are going
23 to be covering a very small number of communities; if
24 it's five, I would be surprised.

25 So we'll have five communities that will

1 be in the database, and we'll have additional
2 information from the individual surveys to add to
3 those five. But there will be just this tiny number
4 of communities from which we have that information.

5 COMMISSIONER WILHELM: Well, then let me
6 ask you the same types of questions without repeating
7 them about the case studies that you refer to on page
8 4.

9 DR. REUTER: Sure. Yes.

10 COMMISSIONER WILHELM: Again, it would
11 seem to me that -- if you're going to make a case
12 study of Biloxi, Mississippi, in addition to finding
13 out the things that you're talking about here about
14 welfare case workers' experiences and law-enforcement
15 officials' experiences and so on, why not find out
16 whether, in fact, there has been a significant impact
17 on jobs in the poorest part of Biloxi, just as an
18 example?

19 DR. REUTER: You're right: There is the
20 aggregate data that you get for all the communities in
21 the database. But here, you may actually be able to
22 get down to more qualitative measures, but something
23 like, "How is this" -- "How has the distribution of
24 employment shifted," in particular, to take your
25 example.

1 COMMISSIONER WILHELM: Or if people come
2 off welfare.

3 DR. REUTER: Right. If people come off
4 welfare. And it might be hard to pick that up from
5 any of the standard indicators, but --

6 COMMISSIONER WILHELM: I think it would.

7 DR. REUTER: -- through interviews, we can
8 do that, right.

9 COMMISSIONER WILHELM: Or, just to use
10 another type of source in addition to saying welfare
11 workers and law-enforcement officials, public health
12 people might know whether or not these newly created
13 jobs have health benefits and, if so, has that had
14 some impact on the Medicaid or welfare or health
15 issue. I mean, there are things like that that seem
16 to me to be just as discernible from that kind of case
17 study as the social and problem gambling issues.

18 DR. REUTER: Right. I did not flesh these
19 out in part because I didn't want to imply that I was
20 trying to provide a complete list of all the things
21 that we studied. But I appreciate that I've probably
22 gone too much in the other direction, and --

23 COMMISSIONER WILHELM: I understand.

24 As I indicated in the first Subcommittee
25 meeting where we were putting together, Jim, our lists

1 of all the questions that --

2 COMMISSIONER DOBSON: Right.

3 COMMISSIONER WILHELM: You know, I have no
4 resistance whatsoever to all the social questions.
5 But I don't want the economic issues to disappear in
6 comparison to the social questions. That's all.

7 DR. KELLY: Could I make a comment? I see
8 the point that you're raising, and I think it's very
9 valid. I would think in the case studies, for
10 instance, one could flesh in some of the gaps not only
11 on the social side, but, perhaps, on the economic
12 side, as well.

13 DR. REUTER: Yes.

14 DR. KELLY: Wouldn't it ultimately,
15 though, be driven by where those gaps are? So I
16 think, as we move along, we will see what sort of data
17 we have to work with already based on some of the data
18 sets we're working with. For instance, maybe we can
19 already answer to what extent people coming off
20 welfare is a factor that can be related to some of the
21 economic impact.

22 COMMISSIONER WILHELM: Maybe -- we've been
23 cautioned by Richard, Leo and others that community-
24 level economic data is not very good. I think you
25 made this observation.

1 DR. REUTER: Well, yes. I certainly
2 reinforced it.

3 COMMISSIONER WILHELM: So that was why I
4 thought of trying to supplement that with the surveys.
5 But you're quite right: To the extent it is
6 available, we ought to, obviously, take advantage of
7 it.

8 DR. KELLY: So it would be a matter of
9 basically identifying the gaps, both on the economic
10 side and the social side, and then trying to fill in
11 as best we can with these other mechanisms.

12 COMMISSIONER DOBSON: Can I -- I'm sorry.

13 COMMISSIONER McCARTHY: I just want to
14 make a general observation. It's impossible not to
15 look at all of these various studies and subtexts
16 proposed for research without trying to see what the
17 connection is between them.

18 John Wilhelm has been raising the point
19 that in the small number of case studies you do, we
20 should include economic/job characteristics and job
21 movement: More jobs, less jobs, everything to show
22 the economic impact, which is, of course, the other
23 side of the coin from the social problem impacts.

24 I say that where ever we can do that, in
25 any of the information we end up authorizing, we need

1 to add that because, when we get to the economic
2 impact modeling on Five, what you've said to us is
3 that it would be extremely costly for the Commission
4 to undertake its own economic modeling problem.
5 Maybe one option is for us to do a synthesis
6 identifying the strengths and weaknesses of different
7 approaches that have already been taken by others.

8 I had the impression from previous
9 conversations, though not with you, Dr. Reuter, that
10 the valuable research in this field is fairly limited.

11 DR. REUTER: Yes. Well, I struggled with
12 this issue when I worked for the Maryland commission
13 and it was a much smaller scale.

14 But, you know, we had the duel of the
15 competing studies: Studies from the industry
16 sponsored by different parts, and we had a study from
17 two branches of the government. One, I have to say,
18 not distinguishable from the industry and the other
19 one, I think, as a serious government study. They
20 came out with radically different findings as to the
21 economic impact of casinos on Maryland.

22 The issues were pretty easily identified
23 when you read the studies carefully, I mean, because
24 they come out of the assumptions that are made. The
25 data that underlie this effort are not in great

1 question in terms of how much is spent at a casino by
2 players coming from different locations relative to
3 the casino, different distances from the casino.

4 It is very much how you use those data and
5 logically and analytically. This is a topic which has
6 attracted no writing by anybody that would be taken
7 seriously in the economic research community; I mean,
8 this is a very specialized sub-field which has,
9 basically, been a consulting area.

10 I believe that it is possible to make a
11 substantial advance, without having to do major data
12 collection, by trying to engage somebody of real
13 standing -- I think regional economic development is
14 the right field -- and have them synthesize the
15 literature.

16 Now, it's a much narrower task: I mean,
17 why can't the NRC study be supplanted by this is a
18 much narrower task? Frankly, I don't think it's
19 really all that difficult, but I think we can get a
20 good deal of clarity related to this.

21 COMMISSIONER McCARTHY: Dr. Dobson?

22 COMMISSIONER DOBSON: I think, from
23 earlier discussions, you all know that I have great
24 skepticism and almost suspicion of studies funded by
25 the industry, and for good reason. Why would they

1 fund something that's going to hurt their own
2 industry? In the same way, I would be very suspicious
3 of studies of the effect of tobacco on health by the
4 tobacco industry, you know.

5 And if that is, as you say here, the large
6 percentage of what's available in that they are
7 advocacy related, I'm not going to put a lot of
8 confidence in that no matter how you massage the data.

9 DR. REUTER: It's -- could I make a point?
10 That it's -- because this battle has been played out
11 over a number of years and a number of -- in front of
12 a number of state bodies, and there are the sorts of
13 counter-studies done by advocacy groups on the other
14 side or, occasionally, by a disinterested government
15 agency -- and those government agencies are not --
16 obviously, are not disinterested -- a lot of the
17 underlying detailed data have become entered into the
18 public record.

19 And I don't think that the claim is that
20 the industry is misrepresenting these descriptive
21 data; it's how they use those descriptive data that is
22 where the advocacy comes in. And, you know, I could
23 be wrong, but I'm moderately confident that that's an
24 accurate statement.

25 COMMISSIONER DOBSON: Well, I guess my

1 comment reflects a broader bias that I think I've
2 admitted before, but I spent ten years in research and
3 I'm very suspicious of it, even when your intent is
4 right.

5 DR. REUTER: Yes.

6 COMMISSIONER DOBSON: Error is everywhere.
7 Bias creeps in. Methodological problems affect the
8 outcome. And, at best, it has got to be taken with a
9 grain of salt. Then, when it is mostly old, before
10 this spread of Kudzu across the country, like gambling
11 has done --

12 DR. REUTER: Yes.

13 COMMISSIONER DOBSON: It's in the local
14 communities, instead of off in the desert or in
15 Atlantic City or what have you. I just don't think
16 we're going to find very much there.

17 Thank you for your contribution, Dr.
18 Dobson.

19 COMMISSIONER McCARTHY: Wherever we ask
20 the questions trying to glean information, what we're
21 trying to end up with at the end of our research is an
22 understanding of the impact of various forms of
23 gambling on the individual, on the family and, in a
24 larger sense, on the community.

25 I'm thinking of what affects the public

1 dialogue. Two, three, four, five, six, seven or eight
2 years from now, those state and local officials will
3 come at this information with different viewpoints.
4 A lot of them will want to know what the impact is on
5 individuals and on the family. A lot of them will
6 only look at it in terms of how it impacts the
7 community economically. Or if a case is made that
8 it's costing the government a great deal forms, they'd
9 be interested in that.

10 Now, wherever we ask these questions in
11 the research, what we're talking about here, at the
12 end of all that, we need to be able to give useful
13 information to tens of thousands of state and local
14 officials and, to the public at large who will want to
15 engage in this dialogue. Indeed, to the media, the
16 five percent of the media who will take the trouble to
17 read the research that's done on this, so that.

18 DR. REUTER: All right. I mean --

19 COMMISSIONER McCARTHY: Dr. Dobson's point
20 is a valid one. We need to be confident that there's
21 enough good research out there that's independent in
22 nature and can be judged objective.

23 DR. REUTER: Mr. Wilhelm, before you
24 comment, I hope this is responsive.

25 Could we suggest a two-stage process in

1 which, initially, we actually engage a serious
2 economist, not just someone with a degree from 20
3 years ago, to briefly look at the literature, engage
4 in a dialogue about how would one move forward on this
5 and get from that person, in a brief period of time --
6 a few weeks -- an assessment of what could be done
7 here that would substantially improve our
8 understanding of the --

9 COMMISSIONER DOBSON: I like that.

10 COMMISSIONER McCARTHY: That would be very
11 helpful.

12 DR. KELLY: That makes sense.

13 COMMISSIONER WILHELM: I think that's an
14 excellent suggestion. As you've indicated already in
15 your text, Dr. Reuter, to the extent that person can
16 be a person of considerable stature and reputation and
17 objectivity and credibility, I think it would be
18 helpful to all of us.

19 I don't disagree with part of what Jim
20 said at the outset of those comments about, you know,
21 data that -- or studies that come from the gambling
22 industry. In my own professional occupation, I am
23 regularly presented with studies by the gambling
24 industry that show that they never have made any
25 money, they don't presently make any money and they

1 never will make any money, as the reason for why labor
2 contracts should be settled for gifts from the
3 employees to the industry, rather than the other way
4 around.

5 On the other hand, I've consistently found
6 that on those occasions when, either through
7 persuasion and an interest in dialogue or through
8 compulsion because there's the labor law analog of a
9 subpoena, we can actually get the data as
10 distinguished from the interpretations of the data, if
11 you will, Jim, then we can generally get at a pretty
12 good approximation of the truth.

13 I think the suggestion that you just made
14 is a very good one. I think it's critically
15 important.

16 The way I listen to the terms of the
17 debate about the growth of gambling -- and I realize
18 this is highly over-simplified. But, in many ways, in
19 communities, it seems to come down to people saying,
20 "Well, if we expand gambling opportunities in this
21 community or this state, there are going to be some
22 negative impacts in terms of social problems and
23 pathological gambling and so on."

24 I don't think anybody seriously says, "No,
25 none of that ever happens," when one of these debates

1 occurs. But, rather, there's the argument made that,
2 "Yes, but that's balanced by," a bunch of stuff, which
3 usually comes down to taxes and jobs.

4 Then , of course, the response to that is,
5 "Yes, but that's really" --. There are those for
6 whom the benefits are really misleading, either
7 because the societal and governmental costs of dealing
8 with problem gambling overwhelm the presumed benefits,
9 and/or because the jobs are not real in the sense of
10 the substitution argument.

11 I myself have never gotten my arms around
12 the substitution argument because the substitution
13 argument, it appears to me, assumes that there are
14 always a certain number of jobs in the universe, sort
15 of like a certain amount of water level.

16 But, anyway, you point out in this section
17 on economic impact modeling the substitute issue and
18 the other issue which is always argued about, which is
19 the multiplier issue. I mean it's not so hard for me
20 to say that a casino hotel of a given nature appealing
21 to a given market of a given size will have 5,000
22 jobs. But then, of course, the proponents claim, "But
23 there's this multiplier effect; So it's not really
24 5,000 jobs; It's, you know" --

25 DR. REUTER: Fifteen?

1 COMMISSIONER WILHELM: -- "15,000 jobs,"
2 or, "47,000 jobs," or whatever.

3 So, in order to inform the communities and
4 states, some how or another, we have got to get at the
5 economic issue generally and, in particular, the
6 substitution question and the multiplier question. To
7 the extent that your suggestion in the text, amplified
8 by the suggestion you just made, is aimed at starting
9 to get a handle on whether or not we can get at those
10 issues, I think it's critically important and makes a
11 great deal of sense.

12 COMMISSIONER McCARTHY: Okay.

13 COMMISSIONER DOBSON: Can I raise another
14 issue?

15 COMMISSIONER McCARTHY: Yes.

16 COMMISSIONER DOBSON: I really haven't
17 gotten closure yet on the second point that I made
18 with regard to obtaining information from the
19 industry.

20 If we are going to essentially leave this
21 statement here that makes it kind of a cooperative
22 thing or even rewrite it to say, "We will respect the
23 rights of individuals," which I think John is
24 absolutely correct about, there should, I think, be a
25 section, unless you can show me that it's already

1 here -- and whether this is a subset of targeted
2 surveys or not, I'm not sure. But there should be a
3 section that indicates that we plan to ask the
4 gambling industry for information -- statistical
5 information relevant to problem and pathological
6 gambling.

7 Have we said that specifically here?

8 DR. REUTER: Very briefly, at the bottom
9 of page 5, there is an almost elliptic statement, "The
10 third stream of research is," such and such. I really
11 don't go on to say what's there. But, in some ways,
12 that was a place-holder for exactly what you said.
13 The only substantive things I say are in the paragraph
14 on top of the next page.

15 Both the legislation and the subcommittees
16 on in preliminary sorts of questions raised this issue
17 on the advertising practices, which was something of
18 great concern not just with respect to casinos but,
19 also, with respect to lotteries.

20 COMMISSIONER DOBSON: Could that be
21 strengthened with regard to pathological and problem
22 gambling, as well?

23 DR. REUTER: Do you mean the -- that
24 the --

25 COMMISSIONER DOBSON: That this --

1 DR. REUTER: Strengthen the notion that we
2 would get -- that the Commission would obtain from the
3 industry relevant data?

4 COMMISSIONER DOBSON: That's right.

5 DR. REUTER: Of course, I will reflect the
6 Subcommittee's desire. You see, it's not easy. Once
7 one sort of accepted this privacy limit of getting
8 access to individual records, it's hard then to know
9 what one can get from the casinos beyond the
10 statistical data.

11 COMMISSIONER DOBSON: And I meant -- I'm
12 sorry. I interrupted you.

13 DR. REUTER: That -- no, no. -- beyond
14 the statistical data that bears on pathological
15 gambling. That's why this view about the privacy
16 issue is really a critical one. I think, at that
17 point, the industry becomes of very limited interest
18 as a source -- potential as a source of data on
19 pathological gambling.

20 COMMISSIONER DOBSON: This is something I
21 would like to consult with my own attorney about at
22 break time, or what have you. But my understanding --
23 and I agree completely, as I've said, with JohN, that
24 we can't identify individuals and go interview them
25 and invade their privacy. That doesn't seem right to

1 Chairman, it would seem to me and I may be missing
2 part of your point, Jim.

3 But it would seem to me that the next step
4 here -- and I think this is covered in the cover memo
5 from Dr. Reuter and Dr. Kelly -- is, "Okay; If the
6 Subcommittee agrees to recommend to the Commission as
7 a whole that this is what it is we're going to
8 research?," I believe the next part of what they were
9 going to do was to say, "Okay. How are we going to
10 research," and then there would be an RFP procedures.

11 I would think that if one of the
12 researchers that we select to do this, whoever that
13 might be, says, "Well, the Commission has instructed
14 us to get at X factor; The only way we can see to get
15 at X factor is for the Commission to make an
16 information request of the industry followed, if
17 necessary, by a subpoena," I would think that,
18 procedurally, that's when you would get to that.

19 I certainly would not rule out the
20 possibility that a researcher might say to us,
21 "Listen, we need the following kind of information
22 from the industry." Dr. Reuter made the observation
23 at our last meeting on an entirely different
24 subject -- and that is job quality -- that the
25 industry may be the only source of that information.

1 But I would think that rather than try to
2 figure that out today, we would need our researchers,
3 who ever we ultimately select, to say to us, "This is
4 what we need, and we don't know where else to get it,"
5 or not even that, but, "This is the best source for it
6 -- the industry."

7 COMMISSIONER DOBSON: I think that --

8 COMMISSIONER WILHELM: Then the law, as
9 you know, authorizes the Commission to make an
10 information request followed, if the Commissioners
11 judge, by a subpoena.

12 COMMISSIONER DOBSON: I don't think we
13 have to be terribly specific on exactly what we're
14 going to ask for, but I would like a statement in our
15 prospectus here that indicates that's a source of
16 information that we're going for.

17 COMMISSIONER WILHELM: I would agree with
18 that.

19 COMMISSIONER DOBSON: It's my
20 understanding -- and I don't have a lot of knowledge
21 of this, but it's my understanding that some of the
22 casinos -- one in particular has gathered exhaustive
23 data on who gambles and under what circumstances and
24 with what kinds of games and so on. That might be
25 very relevant to who is addicted and how they get that

1 way.

2 COMMISSIONER WILHELM: It might well.

3 COMMISSIONER McCARTHY: I think the

4 Committee's feeling unanimous about this.

5 DR. REUTER: Yes.

6 COMMISSIONER McCARTHY: It ought to be
7 made clear to any of those who we authorize to do
8 research -- we being the Commission, ultimately. When
9 the Chair, hopefully, consulting with this
10 Subcommittee membership, starts doing the picking of
11 researchers -- they need to be told that if the data
12 they need to complete the defined research task can
13 only be obtained from the industry, then they should
14 itemize what questions need to be asked.

15 We'll go from there in figuring out
16 whether we issue subpoenas or simply ask for the
17 data --

18 DR. KELLY: May I --

19 COMMISSIONER McCARTHY: -- and sit down in
20 conversations with the appropriate industry executives
21 in sessions that -- we'd have to ask for agreement to
22 have them recorded -- or whatever is needed.

23 DR. KELLY: Could I --

24 COMMISSIONER McCARTHY: Yes.

25 DR. KELLY: Could I try to restate some of

1 this because -- I think it has come together rather
2 nicely, and I just want to make sure we're grasping
3 that accurately and will reflect it in the revised
4 document.

5 We've got sort of a content and a process
6 issue. On the content side, I think what Dr. Reuter
7 and, also, Commissioner Wilhelm have pointed out is we
8 don't know yet necessarily what specific data requests
9 may or may not be needed. So we aren't at the point
10 at which we can identify exactly all the data requests
11 that may be needed to guide the deliberations of the
12 Commission.

13 But, having said that, on the process
14 side -- and I think that's what Dr. Dobson is pointing
15 to -- we have to be careful not to say anything that
16 might inadvertently close a door that was explicitly
17 given to the Commission.

18 COMMISSIONER McCARTHY: That's it.

19 DR. KELLY: -- and that is to get the
20 necessary data --

21 COMMISSIONER McCARTHY: That's what I'm
22 trying to say.

23 DR. KELLY: -- by requesting it in a
24 collaborative manner, certainly, and, if that's not
25 sufficient then, if need be, going up to and including

1 using subpoena power. But we need to be careful to
2 make that process clear --

3 COMMISSIONER McCARTHY: Right.

4 DR. KELLY: -- where ever it's relevant
5 throughout the document. That we can do.

6 COMMISSIONER McCARTHY: All right. Well,
7 I think we have the substance of it. Why don't you
8 gentlemen put the language together?

9 DR. KELLY: Yes.

10 COMMISSIONER McCARTHY: We'll take a look
11 at it next week.

12 DR. KELLY: Okay.

13 COMMISSIONER WILHELM: May I comment? I
14 agree with that and don't wish to further qualify it,
15 but I want to add something to it that's occasioned by
16 the last sentence on page 5, which says, "Little is
17 available for tribal casinos, but the Commission may
18 want to pursue such data."

19 I would rather strenuously disagree with
20 the construction of that sentence, and the reason is
21 that, as I suggested before in these Subcommittee
22 meetings, I think it's myopic in the extreme to think
23 that this Commission could examine any of the issues
24 that it has been charged to examine -- and I'm not
25 suggesting that this was your intent, Dr. Reuter.