CHAIRPERSON JAMES:

It is my pleasure to welcome Congressman
Frank Wolf to our meeting, and I saw the Congressman
here. Is he still in the room? Thank you.

As you many of you know, Congressman Wolf
was the sponsor of the legislation creating this
Commission. He has represented northern and northwest
Virginia in Congress since 1980. He serves on the
House Appropriations Committee, where he is Chairman
of the Treasury Subcommittee. He is known for his
excellent constituent services and commitment to
preserving the American family, and for his attention
to international human rights abuses.

I've had the privilege to know him for
many years, and please join me in welcoming
Congressman Frank Wolf.

Congressman?
CONGRESSMAN WOLF: Thank you very much, and I do appreciate the opportunity to testify before the committee today.

I'm delighted to be here. As a matter of fact, I can't begin to tell you how delighted I am to be here, because it took us quite a while to get this Commission passed over quite a bit of opposition.

You are about to begin an important journey, and one of your first steps will be to prepare a road map -- and I agree with what you said, Madam Chair, as you were explaining -- but a road map to guide you. There are some important things you should know at the beginning, and I'm pleased to have this opportunity to speak with you.

I appreciate your kindness and your attention. I will not take up too much of your time, but there are matters of consequence which I should address.

The task before you is as important as it is enormous. But your goal is really very simple. Today when a community, a town, a city, or even a state is considering the pros and cons of letting some
kind of gambling activity start up, they have nowhere to go to obtain reliable and factual and unbiased answers to their questions. Your job is merely to make that information easily available to them. That's it.

The Congress has given you two years and an adequate budget to uncover, compile, and digest all of the available information, and I have every confidence that you are up to the task.

I hope you will all take a look at gambling in America. This is the final report of the 1976 Commission -- and I think it's excellent that you're having Mr. Morin in to talk -- on the Review of the National Policy Toward Gambling. This three-year study, completed over 20 years ago when legalized gambling was in its infancy -- only in two states -- was the last time government took a hard look at gambling.

This report would be a good starting point for you. In the preface, Commission Executive Director James E. Ritchie concluded, he said, "We can no longer afford to be ill informed and complacent
about a matter of such manifest national concern," and that's when only two states had gambling. Yet today, over two decades later, we are still having difficulty shining the light of day on this dubious enterprise.

Let me say at the outset, I strongly oppose gambling. I think it is anti-family. I think it is anti-business and does more harm than good. I certainly don't want it in my community or in my state, and would fight and will fight it from coming to my area with all of my energy.

But I don't have any right to make that decision for other communities or other places. That's up to the people who live there to decide for themselves. But I'm not asking you to be against gambling. What I do ask, though, and what America demands of you, is to be open-minded, fair, and undaunted in the pursuit of knowledge based upon solid research and be courageous enough to air the truth in the face of what I know will be enormous pressure from special interests and spin artists.

In your search for information, I hope you will be out on the road. I urge you to hold
hearings all across America. The answers to your questions do not lie here in Washington, but in the gambling centers of Las Vegas, Atlantic City, Biloxi, and in regions which are learning to live with casinos and their effects, such as New Orleans, St. Louis, and Milwaukee.

You should travel to the small towns of Illinois, Iowa, and Missouri to see what riverboat casinos are doing to local economies. You should visit states hosting tribal casinos and states which have been recent battlegrounds in the debate over allowing gambling to expand within their borders, such as New York, Pennsylvania, and Florida. These are the places where you will meet the people who will help you form your conclusions and where you should set up shop.

I do want to share with you a few observations. I first became interested in this issue some years ago when there was an effort to bring riverboat casino gambling to my state of Virginia. Truthfully, I didn't think it was a good idea, but I wasn't completely sure why. And there were no good
answers to my questions.

The preponderance of information that was available as provided by the gambling interest, which I found suspect and of very dubious reliability. And as I dug further into this issue, I was confronted with an army of high-priced advocates representing gambling interest. No one was there to represent the people who live in the area and their families.

It was completely troubling to see some of the political consultants, the people who had been on both sides of all of the so-called family value issues and things like this, all now making money with regard to being proponents for the gambling interest -- some who were embarrassed to be there, but yet they were paying a lot of money and they were there.

As a matter of fact, this was about the same time that Disney was trying to build a new theme park in my congressional district. This was a high-profile, very controversial initiative. And the joke around town was that if you were a lawyer or a lobbyist, this was the place to find work.

Yet, as I happened to read in the paper,
that Disney was outspent by a good margin by the pro-
riverboat gambling interest lobbying the Virginia
General Assembly. And again, while no one was there
representing the people who live and work in the area,
the gambling interests were pouring money into their
effort to get a toehold in the State of Virginia.

And no wonder, once gambling sets up
shop, it is almost impossible to get rid of it. In
fact, there's a history of things going the other way.
Communities begin to rely on their share of the
revenues, and local politicians cave in to demands
from the gamblers for longer hours, more facilities,
more tables, higher limit, more slots or wheels, and
they have the money to do it.

That is about a $500 billion industry,
with profits of $50 billion. That's billion with a B.
Too much of this money is spent in the high stakes
game of influencing lawmakers at the state and the
federal level, and other government officials.

According to the Federal Election
Commission, during the 1995-'96 election cycle the
casino gambling industry poured more than $4.4 billion
into federal political contributions, including $2.6 million in soft money to the Democratic and the Republican parties.

State and local campaigns, too, are awash in gambling dollars. Some $100 million in over five years influenced state legislatures around the country.

Parenthetically, I was personally very disappointed when I, as a Republican who believed very deeply that the Republican party is the pro-family party -- to see Republican leaders who are taking money from the gambling interest, somehow it's very difficult to say that you are truly pro-family, and then you're taking money from the gambling interest. And for the Republican party to do that, for our leadership to do that, for our National Committee Chairman to do that, is very, very, very troubling.

The more I worked on this issue the more concerned I became. All of the evidence that I could gather pointed to the conclusion that gambling was harmful to people and to communities. It led to crime, to corruption, the cannibalization of existing
businesses, and it certainly caused social ills.

The response to my concern from gambling interests was to note that all of my evidence was anecdotal, and gambling really jacked up the local economy and they were working to solve whatever problems gambling might contribute to such addiction.

I felt their response was unsatisfactory and introduced with others legislation to create this Commission, which I believe would have quickly passed. Who could be against taking a look at the impact that gambling would have on America?

The 1976 Commission was not that controversial. I believe Mr. Bible's father served on that Commission. There was no great debate about it. Everyone said, "Sure, let's take a look at it. If there's a problem, let's find out." The answer, I swiftly learned, was well-heeled, and the industry itself was opposed to this Commission.

Fronted by a virtual army of well-paid and well-connected Washington lobbyists, with access to almost every door in town, they fought this legislation every step of the way. First, they tried
to kill it in the House, and then the Senate. And then they tried to defang the Commission by denying it the power to subpoena relevant documents. And when that failed, they worked to have the gambling proponents appointed to this body, to stack the Commission if you will.

But I believe that you are up to that task. I'm counting on you to do a good job. America is counting on you to do a good job.

One of the first hurdles you must overcome is that the gambling industry has done such a good job of selling themselves as a good neighbor, and a creator of revenue and jobs -- they pay taxes and governments get hooked on the revenue.

Politicians are reluctant to walk away from this money that feeds government spending, and politicians in both parties are reluctant to walk away from the campaign contributions that come from the gambling interest. But this is a problem and not a solution.

As Robert Goodman asked in the preface of his book "The Luck Business," he said, and I quote,
"Do we really want a government so dependent on gambling that they are forced actively to promote an activity that takes disproportionately from those who can afford it least, does the greatest damage to existing economies, and can be highly addictive?" No, I do not believe we do.

Various studies indicate that perhaps 30 percent of all gambling revenue comes from five percent or so of the problem gamblers addicted to the lure. And this, I would urge the Commissioners of both sides -- and I know there are both sides here -- to find out what is the problem with the addiction. How much of their revenues do come from those who are addicted? Are these people being exploited?

Even though the gambling industry claims to care about this addiction problem, new games and new attractions are always coming on line, which further sharpen the craving of compulsive gamblers, drawing them deeper into the web of self-destruction. After you complete your work, I think you will agree.

Let me close with this. As you begin your search for truth and fairness, you will not have to
look far to find those who will present the gamblers' views. You will find their arguments and presentations on the surface compelling, and easy to go down. They have the money to hire the very best to do this sort of thing.

I hope you will look beyond the glossy presentations and ask for the research information you need and don't be put off by dodges that it isn't available, isn't relevant, you really don't need it. You do. Stick to your guns, and use your subpoena power.

We fought for your subpoena power. They had gone to the leaders of both sides of the aisle at the highest level to take away the subpoena power. You have the subpoena power. Do not be afraid to use that subpoena power. In fact, that subpoena power is very, very important.

You must avoid being led down the wrong path in your quest for truth. I predict you will need to search much harder to find witnesses and experiences depicting the down side of gambling.

How are you going to find a theater owner
who went out of business when the casinos opened up?

How are you going to testify with a woman whose husband became addicted to gambling, squandered his life savings, ran up the incredible debt, and then, when he could bear it no more, took his own life? How easy will it be for the man who called me to tell me of the painful time that his wife became so addicted that she then went out and committed suicide?

The father of recently slain Chervise Iverson, the seven-year old whose strangled body was found in a Nevada casino restroom after she had been allowed to roam unsupervised for long periods while he played the tables, he might not be a willing witness. It may be difficult to persuade an indicted state legislator to sit before you to relay how he sold out those he represented for an under-the-table payoff from those wanting to bring a casino to his town.

Will Missouri's House Speaker of 15 years who resigned in the face of a federal investigation into financial ties with casinos be eager to tell his story?

Two prominent Kansas City clergy who
resigned their pastorates recently due to problem gambling may be reluctant to tell their story. According to the Kansas City Reverend Ben Skinner, one stole $60,000 from his congregation and lost it at the casinos, and the other was discovered gambling while disguised in a wig and glasses. They may not be eager to come before your Commission to testify.

I urge you to go out and look for those people and bring them before the Commission, and talk to them, and interview them, and ask them how they become addicted, ask them what happened, ask them about their bankruptcies, ask them about their family breakup, ask them about the suicide, ask them about the increase of crime, ask them about the corruption. But you may have a tough time getting them.

There are too many people with stories like these out there, and you need to hear them. I hope you do. I wish you well and will pray for your success, and will follow your progress throughout these remaining two years, and truly wish all of you -- because I began with the basis that some of you may have a biased opinion on both sides of the aisle.
But as the Chair said, we hope you will put all of your biases aside, and I will put mine aside, and I will begin with the concept that this is the beginning of a new day, that reasonable men and women can come to the table, can work on this issue, and can find truth, and can make a report to the American people. So that when communities are faced with this issue two years hence, they have some place to go to find the data, to find the research, and to find the truth.

I thank you for this opportunity to testify.

CHAIRPERSON JAMES: Thank you. Thank you, Congressman.
CHAIRPERSON JAMES:

I now have the privilege to welcome Former Senator Paul Simon to our meeting. Senator Simon recently retired after 12 years in the United States Senate. Prior to this, he served in the House for 10 years. He is now working as a professor at the University of Illinois.

And being in the Academy after public service is great, isn't it, Senator?
FORMER SENATOR SIMON: It is great.

I have to make one minor correction --

CHAIRPERSON JAMES: Okay.

FORMER SENATOR SIMON: -- the Southern Illinois University.

CHAIRPERSON JAMES: Southern Illinois.

FORMER SENATOR SIMON: Rather than University of Illinois.

CHAIRPERSON JAMES: Minor, but important one.

FORMER SENATOR SIMON: Yes.

CHAIRPERSON JAMES: If there is any doubt that public policy brings desperate groups and different individuals together, I think this should serve as a great example. While Senator Simon and I may be known to millions of Americans, he may be known for his bow ties and his run for the Presidency, he is known to me as one of the best prepared and knowledgeable members of Congress, whom I had to face on more than one occasion in my role as Director of Public Affairs at the National Right to Life Committee and as Assistant Secretary in the Department of Health
and Human Services.

And while we didn't agree on some of those issues, I have a tremendously high regard and respect for the polite and informed manner in which he debated points. And it is an honor to have you here today.

FORMER SENATOR SIMON: Thank you, Madam Chair. It's a pleasure to be here, and I welcome the Commission -- I think I'm the first person to formally, other than the person who swore you in, welcome you to the Commission since you have been sworn in.

And I want to also acknowledge the good work that Congressman Frank Wolf did in the House on this. Creating this Commission, getting you this job, was not an easy task.

Why have a Commission? I guess each of us has different reasons. I had been concerned for some time, and then one incident precipitated my action. My mother belongs to a Lutheran church in Collinsville, Illinois. A substitute teacher of that church, unknown to her family, was going to a riverboat casino in East St. Louis and became
addicted.

And the first her family knew about it, they came home one day and found a note that said, "You can find me in the parking lot of the mall." She had committed suicide. She had used the money for rent, what they thought was going for rent, and for everything else. Just one little incident.

But it, unfortunately, is replicated over and over again in our society. We have an industry, as the Chair pointed out in her opening remarks, that is growing rapidly. It is an industry -- and I believe I am correct in this; I have done no research -- I think it is an industry that has more of a history of involvement in corruption than any other industry.

I say that from the viewpoint of the State of Illinois, and if I can back up, the history of gambling was such in the early part of our history -- when Abraham Lincoln was a member of the Illinois General Assembly, they would vote lotteries for this purpose or that purpose or the other purpose. Pretty soon it became, in all of the states, so involved in
corruption that every state outlawed it, usually in their state constitution.

And at one point, the only state that didn't outlaw it was the State of Louisiana, and then later Louisiana did.

And then, gradually things changed. And in one of the more unusual decisions by the Illinois Supreme Court, the Illinois Supreme Court ruled that betting on horses at a racetrack was not gambling. I might add that the Supreme Court Justices in Illinois -- and I wish this was past history; it, unfortunately, is still true -- are heavily dependent on campaign contributions.

But the court ruled that gambling was pure chance. And when you bet on the horses, you were betting on the skill of the horse, and the skill of the jockey, and, therefore, it was not gambling.

And during my days in the Illinois General Assembly, the racing interest passed out financial favors. And we had a Governor of Illinois who went to federal prison, Arlo Turner, because of the corruption from the racetracks.
I did a story for Harper's that I thought was the end of my career, I say to my fellow politician Leo McCarthy here -- I thought it was the end of my career. It was titled "The Illinois Legislature: A Study in Corruption." And if you dig out that story, you'll see that gambling interests are very much a part of that.

Gambling is the only addiction that is promoted by government. We would be startled if we drove down the highway and saw a billboard saying, "Drink more whiskey; have a good time," or we saw a billboard saying, "Smoke that cigarette after that cup of coffee. You'll enjoy that coffee more."

But we have had signs, the Illinois lottery, for example, on the south side and the west side of Chicago, which is the poor area of Chicago, have had signs, billboards saying, "This is your way out." Well, that's not anyone's way out. The way out is education. The way out is hard work.

Of those who are addicted, it has a higher percentage of those who commit suicide than other addictions. It is also addictive, as Frank Wolf
indicated, it's addictive to governments. It is very tough when you're a public official and you see the need for revenue, and people fail to provide it -- East St. Louis is an example. Huge needs in that community. The Indian community, American Indian community is an example -- huge needs.

And when someone comes along and says, "We can help solve your needs," it is very, very tough to say no. Or even if you don't have that kind of a problem, whether it is Metropolis, Illinois, or Fulton, Illinois, or where it is, if someone comes along and says, "I'll give you more revenue and you don't need to raise taxes at all," very tough for a politician to turn down.

What do you do about it? Number one, we're not going to eliminate gambling. We're not going to eliminate Las Vegas and Atlantic City. I think what you can do is, number one, bring together the research and the legislation, ask for you to do that.

I think you also should be looking -- and this is my first and last time testifying, so I'm
going to unload on you here -- I think we should be looking at alternatives for slowing growth. And let me just outline some things that I think you might consider.

One is a tax on all new facilities or lotteries established after January 20, 1997. That's today. It's a little like a community saying -- if you have 15 taverns, saying, "We're going to give out 15 liquor licenses. No more." And to people who are in the industry now, it is a protection for people in the industry.

I think you ought to be looking at -- and I say to those who are on the Commission who have an interest in the industry, I have been in this business of politics a long time. I'm 68 years old. I see that pendulum swing from one side to another, and any group that gets too greedy, eventually the pendulum swings to the other side.

If you had a five percent tax on all gross receipts of any new establishment as of today, you would, in a very real sense, be protecting those industries already established. But it would retard
future growth.

Second, I would give a per capita grant to all states that have no gambling. And off the top of my head, I'm suggesting $50. Initially, because almost all states have a lottery or something, you would only have four states that would get assistance. In a state like Illinois, $50 per capita would mean $600 million -- not enough to shut down the gambling industry, but it would be enough of a carrot that we would probably have some good healthy debates on it. I think that would be helpful.

Third, a per capita grant of $100 for economic development for all Indian tribes with no gambling. I serve on the Select Committee on Indian Affairs. I believe I am the only person -- or was the only person not having a reservation in my state to serve on that committee. I don't know if that is the case today or not. I've been concerned for a long time.

And I say to the reporters who are here, if you want to get a good story that hasn't been covered, it is the role of the United States
Government as trustee for American Indians. The abuse and the failure to meet our fiduciary responsibilities is massive. It is not a happy part of our history.

I can understand completely Indian tribes, desperate for funds, that go to a casino. A hundred dollars per capita, to be used solely for economic development, would provide an alternative that I think could be helpful in the long run.

Fourth, because of the history of corruption, and you have in five states now state legislators either convicted or indicted because of corruption from gambling interests, I would recommend that you call upon Congress to establish a special task force of the Justice Department to look at corruption in connection with gambling.

And fifth, that advertising of the gambling interests be subject to FTC regulation. Why should you be able to have deceptive advertising if you're in the gambling industry? When the Illinois lottery advertises "This is your way out" to poor people, I think there ought to be a look at that.

And then, finally, let me just say that
the involvement of gambling and public affairs has harmed this nation in ways that we can't gauge. And let me just give you one example.

I remember when Paul Wexell, a very distinguished Senator from Nevada, and a really genuinely good person, there was some talk maybe Paul Wexell would be candidate for the Republication nomination for either President or Vice President, and the talk was we couldn't take a chance because of the ties of the criminal world to gambling and Paul's being from Nevada.

I'm not saying Paul should have been the Republican nominee. I have to leave that up to my friends in the Republican party. But he was one of the finest persons I have served in the United States Senate with. If he hadn't had that gambling tie because of being from Nevada, I think Paul might very well have contributed even more to this nation.

Finally, let me just say to all of you, I hope you have the courage to do what is right for this country. We serve this country not just when we put on a uniform, but we serve this country when we do
what is right.

I just finished reading -- I can't even remember the name of the book now, but the Stephen Ambrose book on the Lewis and Clark -- "Undaunted Courage." Merriweather Lewis comes back to his hometown and they have this banquet honoring him, and Merriweather Lewis says, "Patriotism is not words. It's works. It's what we do."

It may take special backbone to do what this nation needs in this field. My hope is that you will have the fortitude, the backbone to do it. You're not going to get a Congressional Medal of Honor, but your grandchildren, my grandchildren will be grateful to you.

I'd be happy to answer any questions. But otherwise, I'm pleased to be with you, Madam Chair.

CHAIRPERSON JAMES: Thank you, Senator.

The pleasure is the Commission's. Thank you so much for being here.

And, Senator, I think you said this was your one shot at this Commission. I want you to know that you are always welcome to come back, and we would always
appreciate hearing from you.

FORMER SENATOR SIMON: Thank you very, very much.

CHAIRPERSON JAMES: Thank you.