CHAIRPERSON JAMES: Dr. Kalt we really want to thank you for being here, particularly with your personal circumstances and I'd like to
express the condolences of the Commission on the death of your father. And we appreciate the effort that you've made to be here today, and look forward to your testimony.

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

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

Whether it is the tiny operation operating out of a prefab trailer at the Pine Ridge Reservation in South Dakota or the development of a destination
resort at Fondulac in rural Minnesota, our research repeatedly and unambiguously finds that tribal gaming enterprises yield net positive economic and social benefits to those tribes and their communities where tribes exercise their rights of sovereignty and choose to enter the game.

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

The second kind of contribution may be more important, it is institutional. The success of tribal gaming enterprises has enabled tribes to break decades of institutional dependence, in which tribal governments have been compelled to operate as defacto appendages to federal programs and bureaucracies. There's one thing that our research on gaming and non-
gaming tribes alike demonstrates is that economic, social and political success in Indian country does not occur unless tribes have the sovereignty to govern themselves, on their own terms, and with their own institutions.

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

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

The contributions of tribes' investments in the gaming industry can only be assessed against the
backdrop of long standing deficits of income, infrastructure, employment, education and social health that plague Indian country. That is measurements of employment gains and income improvements in the last, have to be gauged against how far America's reservation citizens have to go.

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

Indians on reservations were America's poorest population, per capita income in Indian country was only about one-third of the average for Americans. More than half of all Indian persons on reservations were living below the poverty line, as opposed to 13 percent for the U.S. as a whole. Unemployment on reservations pushed over 40 percent on average, when the national economy showed only six percent
unemployment. In fact, right now, in the late 1990s, unemployment on many reservations exceeds 50 percent and some places real joblessness pushes above 90 percent.

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

It is in this environment of extreme deprivation that successful gaming ventures make their contributions. For it is important to understand that unlike net income earned by private investors in private gaming operations, tribal gaming enterprises yield public revenues. These revenues are employed by tribal governments to meet the needs of their citizens in much the same way the state government lotteries supports states' legitimate governmental functions and obligations.
The use of tribes gaming revenues is in accord with IGRA, and has been documented in numerous studies. You'll find a summary in my statement. The use of tribal revenues spans the range from health and education to community infrastructure and job training. Tribal gaming operations are not only enhancing the ability of tribal governments to meet the needs of their citizens, they are also making direct and indirect contributions to reservations and off reservation economies through the commerce they create.

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

In Wisconsin it's estimated that Indian gaming is contributing a net addition to employment of approximately 18,000 workers. And on the order of one billion dollars per year to the state's gross domestic product. In study after study, tribal unemployment is
reduced with the introduction of gaming and ancillary employment is created both on and off reservations as patrons travel, feed and lodge themselves during their visits. Improvements in employment are accompanied by net increases in income and sales taxes for state and local governments. And AFDC and unemployment insurance and the like are reduced.

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

The impacts that tribes are having and that they are bringing to surrounding communities when they decide to undertake and succeed in developing gaming operations, have led many outside Indian country to view the rights of tribes to enter the industry as some sort of welfare program for American Indians. This perspective fails to recognize that the decisions of a tribe to enter gaming or to forego gaming are acts of self-governance. They do not differ in their character
from those taken by a state or a national government. Importantly, our research indicates that tribes with long cultural histories of receptivity to, and social control over, gambling have been more likely to enter into gaming than tribes with long standing cultures that are more resistant to gambling. In other words, the tribes that have been most willing to undertake gaming have been those for whom it was most culturally appropriate. And numerous tribes have voted down gaming as self-determined acts of self-governance.

We think that herein lies the most important impact of tribes' rights to embark in gaming. Just as with economic progress in sectors other than gaming, tribes' powers of self-government are repeatedly found to be the prerequisite for success. But both the economics and the morality of the issue argue against reigning in the rights of tribal citizens to govern themselves. To do so not only violates basic human rights of self-government, but also pretends a return to policies of dependencies and subjugation.
Policies that have made Native Americans and their governments dependents of the federal or state governance have been the single most destructive effect in Indian country in the last century.

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

Thank you.

CHAIRPERSON JAMES: Thank you