

# GAMBLING ON CASINOS

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*Is it really because of the immorality of gambling? Capitalism has always rewarded immortality, regardless of race, gender or religion. I think it has more to do with power. As Indians make money we also gain power. As we gain power we develop a political voice. We can then use that voice to demand that treaties be honored.*

Sherman Alexie, Spokane Coeur d'Alene Indian, poet, author (Alexie, 2000)

*No wonder they're always getting into trouble. Their mothers will be spending all their time in the casino on the slot machines.*

Elder and grandmother, Swan Lake First Nation, Manitoba (Sanders, 2000)

*As a graduate student in the Native Studies Department at the University of Manitoba, we are counseled by our academic and cultural advisors that, first and foremost, our concern as researchers is for the Aboriginal and indigenous community. As a First Nations student, this tenet guides my input with regards to this project. It needs to be pointed out to the reader that it is difficult to separate 'what I know' from 'who I am'. My experience and knowledge as one who hails from a First Nations reserve community affords me a particularly conscientious view when considering casinos as development. Adding to the mix is the fact that there is a growing number of Aboriginal and*

*non-Aboriginal people who are increasingly demanding that First Nations become self-sufficient, thereby adding momentum as First Nations grab the economic bull by the horns, or, in this case, embrace this new species of returning buffalo.*

(Alison Dubois, 2001)

## Introduction

Successful economic projects with significant impact in Indian Country are few. For more than a decade, a number of U.S. Indian communities have operated casinos and other gaming projects in an industry that now contributes over \$9.6 billion per year (approximately 10 per cent of the gaming industry) and is attracting more and more participants.

As federal support for tribal activities continued to diminish and alternative economic development activities in Indian Country remained minimal, tribal governments turned first to high-stakes bingo and then to other forms of gaming to provide revenue for tribal services.... The harsh reality is that the financial world has not historically looked towards locating business on Indian reservations (Mason, 2000).

This record has caught the attention of Aboriginal leaders in Canada. The prize for success in gaming is likened to the return of the buffalo which speaks to the hopes and dreams of Indian people. Gambling profits instill pride since now communities have a financial base that can be reinvested to address community ills including unemployment, poor access to revenue for essential social and educational programs and most importantly it means independence. It stimulates strong discussion and opinion as demonstrated by the opening quotes.

This work takes the experience in the industry to date and poses critical questions in ascertaining the viability of a casino opportunity. Research from a variety of sources provides the context for a balanced approach to answering each question. While not comprehensive, the list of questions is a good stepping stone to further investigation.

It is important to put the American experience in context. Sovereign Indian tribes have a government to government relationship with the federal, state and local governments. They must negotiate legal agreements with states regarding what kind of gaming they can be involved in provided that state gaming regulations are in

place. Competition includes casinos in Las Vegas and Atlantic City, and on river boats in six states. There are other legal gaming activities including dog and horse racing, high stakes bingo and lotteries (Mason, 2000: 43).

Only about one-third of native communities located in states that allow gaming are currently involved in casinos but the numbers are growing. It is a choice that demonstrates self-government but it is a choice that is not taken by all. As with any business, success is varied and casinos have gone into bankruptcy or are operating with minimal profits. Eighty percent of the revenue is generated by only eight casinos (Hill, 2001). Tribes are permitted to spend their gaming profits only on services to members, on charitable contributions, or on a per capita distribution to members. This revenue has allowed tribes with profitable gaming to replace or supplement federal funds (Mason, 2000: 45).

Examples of community investments include youth programs, policing, health programs and improved water systems. Cultural programs and purchasing land to act as a buffer around a sacred lake are further examples of investments that could not otherwise be made (Mason, 2000: 148).

The Canadian gaming industry is less established with Ontario and Saskatchewan leading the way. Four casinos are in the licensing process in Manitoba and Alberta has recently agreed to establishing an Aboriginal gaming policy. Many provinces operate profitable casinos with funds going to charities and to government budgets. Few places in Canada could support the type of highly successful casinos operating in the states for a variety of reasons including lower population density patterns, competition and legislation. This means that potential industry size in Canada is scaled down in comparison to the U.S. experience.

Assuming that a community is interested in the feasibility of a casino, they will need to consider a variety of issues. The community support for the proposal is critical. In order to win community support, effective leadership will consider all aspects of the project and conduct a thorough 'due diligence' inquiry including a cost/benefit analysis; impact of legislation and regulations; social and environmental impacts as well as consider the employment and training opportunities. During this process, there may be opposition that will be acknowledged in strong communities. In Manitoba, elders in one community expressed

reservations on the impact on the community since they saw negative impacts on the family as a major concern (Sanders, 2000). These considerations will be discussed in this paper in the context of the experience of others.

If these deliberations take place within the framework of community vision complemented by the agreed upon standards for quality of life, then the chances for a successful casino project are enhanced (Kalt and Cornell, 1993). It is likely that a casino project will be only one part of a comprehensive economic development strategy in the interests of spreading risk and diversification. The strength of community leadership will be demonstrated in an holistic approach, in keeping with the community's history, that makes room for consideration of culture and tradition. At any time, ethical concerns may also overwhelm the process when the question of whether or not a casino project meets the needs of present and future community members.

### Critical Planning Questions

#### *What Proportion of Jobs Created Go to Aboriginal People?*

This varies widely from place to place but in the United States. Two studies of casinos in Minnesota in 1992 reported that 13 casinos employed about 5,700 people of whom 1,350, or 24%, were Native Americans (DesBrisay, 1994). It appears that quite high rates of Aboriginal employment can be achieved, witness the Lummi Tribe securing two thirds of the 400 jobs in its casino for its own members in the first year of operation (DesBrisay, 1994). In some cases Tribes are simply too small for their membership to occupy a high proportion of jobs; in other cases, location is probably a factor while in yet others it may be simply decisions by outside managers and weak ownership control which limits Aboriginal employment. In Saskatchewan, the four First Nations casinos employ 1,100 people, 70% of whom are Aboriginal (SIGA, 2001, website). In their Yorkton casino, 79% of the 210 employees are Aboriginal (Fallding, 2000). One of the prime objectives of First Nations casinos in Manitoba, is job creation (Manitoba First Nations Casino Project Selection Committee, 2000: 3).

#### *Are Casino Jobs Unionized?*

This depends on the casino. Unionization is important, not just to ensure reasonable wages, which in Yorkton start at \$7.75 an hour plus tips

(compared with over \$13 in Windsor (Hutchinson, 1999)), but to address issues of working conditions. Casinos present workers with some unique conditions of noise, stress, violence and harassment which owners need to address but seemingly do not without pressure from workers through their unions. Union representation is important, therefore, for both non-Aboriginal and Aboriginal workers.

In Saskatchewan, the Canadian Auto Workers union (CAW) is representing workers at the Prince Albert casino. CAW represents workers at the largest casino in Canada, at Windsor, and so has experience in the area. The Saskatchewan Indian Gaming Authority (SIGA), which leases casinos from First Nations, has been extremely resistant to unionization, arguing that there is no room for a provincially regulated union on First Nations land which is under federal jurisdiction. On these grounds, SIGA has launched a series of legal challenges and appeals against CAW representing its workers, losing the argument at every level so far. Currently they are waiting for permission to appeal to the Supreme Court of Canada. SIGA seems not to have much of a case, since its gambling operations are regulated entirely by the province, but is prepared to spend huge amounts of money on the issue. What really seems to be motivating SIGA is opposition to the union movement generally. After two years of trying CAW has still not been able to negotiate a collective agreement with SIGA, the main stumbling blocks being grievance procedures, seniority and collection of union dues, before issues of salary and working conditions have even been aired properly. SIGA has recently applied to have the union decertified (Olszewski, 2001; and CBC Information Radio).

There is a tradition of similar hostility towards unions among some First Nation leaders in Manitoba, with claims that they are not Indian organizations and that they challenge First Nations sovereignty. These are spurious arguments having more to do with First Nations leaders not wishing to have the authority of Chief and Council challenged. Aboriginal workers have been at the bargaining table with SIGA and have been appalled at its intransigence. In particular, SIGA's expressed wish to have elders deal with grievances does not sit well with First Nation workers, leave alone with other Aboriginal and non-Aboriginal workers in the casinos: neither does the attempt to place Indian status at the forefront of seniority considerations, ahead of

qualifications and length of service. It is reported that Manitoba casino proponents also share SIGA's view about the inappropriateness of provincially regulated unions operating on First Nations territory (CBC Radio). Again, this makes little sense if the authority of provincial agencies to regulate First Nations gaming in Manitoba is accepted and one wonders how First Nation leaders would react if federally registered unions were to appear on the scene. The report that Aboriginal casino proponents in Manitoba are, however, prepared to accept 'informal employee associations', is even more puzzling and suggests that formally organized unions pose an unacceptable threat to their leadership and authority.

*What Proportion of Gambling  
Income Accrues to First Nations,  
Directly as Owners or Indirectly?*

In 1995, 106 U.S. tribes received \$1.6 billion in net income from Class III gaming activities (casinos, slot machines, horse and dog racing, jai alai), representing 38% of revenue from gambling after pay-outs. This compares quite favourably with figures of 20–25% for similar facilities in Nevada and Atlantic City (U.S. House of Representatives, 1997).

In Saskatchewan, the 73 First nations reportedly shared \$13 million from casinos in 1999. This includes a 37.5 per cent share of the profits of the four First Nations casinos and 25% of the profit of Casino Regina which is operated by the province. The four First Nations casinos also pay 37.5 per cent of their profits to the province and 25 per cent goes to community development corporations which fund both Aboriginal and non-Aboriginal charities (Fallding, 2000).

The revenue sharing formula arrived at in Manitoba provides for as much as 70% of all net revenue to be paid to the host First Nation and the owners, with only 27.5% accruing to all First Nations and 2.5% reserved for addressing problems of addiction. The main differences from the Saskatchewan situation are that the province receives no share and the owners clearly receive the lion's share. There are, however, no public estimates of what dollar amounts might be involved.

*Do First Nations Tax Gambling  
Proceeds?*

If all the net proceeds from gambling are paid to First nations, either those who own them

or those benefitting from the distribution formula, then the issue of taxation does not arise. The more important question is the use to which these funds are put and the accountability of leaders for these funds.

*Do All First Nations Involved in  
the Gaming Industry Make Money?*

There is great unevenness in the size and profitability of Indian gambling facilities in the United States. About 40% of all gaming revenue was generated by just 8 out of 112 facilities operated by the 106 tribes mentioned earlier (U.S. House of Representatives, 1997). Ten tribes received at least \$50 million each, accounting for over a half of the \$1.6 billion transferred. Twenty tribes showed no transfers from their gaming operations.

A survey of 24 Indian gaming facilities in California in 1991 found that ten were profitable, at least four have closed down, four were marginal and the rest 'marred at some point by controversy—including fraud, mismanagement and allegations of gambling-related murders and the involvement of organized crime' (DesBrisay, 1994).

Of the four Saskatchewan First Nations casinos, the \$4 million casino and resort at the more isolated White Bear Reserve was said to be struggling (Fallding, 2000). In the United States, managers brought in from the outside to assist First Nations have not always acted appropriately. Thus, the White Earth Band of Chippewa, at Mahnommen in Minnesota, took control over its Shooting Star Casino after the managers, Gaming World International, had reportedly breached its contract by taking a larger share of profits than agreed and by not repaying loans made by the Band (Gaming World, 2001). Casinos and the like are not, therefore, guaranteed cash cows. Even profitable operations may not be sustainable in the long run. Some observers see U.S. tribes having no more than ten years to use gambling revenues to diversify their economies before profits are eroded through competition (Frantz, 1999: 298).

*What Explains Success or Failure  
of First Nations Casinos?*

Factors held responsible for the success of casinos are population density and accessibility, quality of management and political stability of the First Nation organization (DesBrisay, 1994),

but competition for business must also be important. In the Manitoba context, all four successful casino bids will operate close to or in urban centres and the Manitoba Lotteries Commission will closely regulate and monitor all management operations. The MLC is also in a position to regulate competition. There are, however, limits to its ability to do this. At least one of the proposed First Nations casinos, that at Brokenhead, is quite close to Winnipeg and its ability to compete with existing casinos there is an open question. Also, competition from Internet gambling and from casinos in neighbouring provinces and adjacent states of the United States are potential threats over which the MLC has little control. Neither can the MLC be expected to do much about political instability should this become a factor.

The planned casino on the Opaskwayak Cree First nation, a joint venture of six First nations in the north, may also not be guaranteed success because of a small population base, a fragile economy and possible saturation of the market for gambling. Opaskwayak has a population of 3,500 and is adjacent to The Pas, a town of only 6,000 people. Both are quite remote although there is some tourist traffic in summer. Recently, the main employer in the town, Tolko Industries, a sawmill and lumber operation, shut down putting some 600 people out of work. While the closure may be only temporary it will, according to the Chief of the First nations community, 'have a significant impact on the local economy' (*Winnipeg Free Press*, March 10, 2001). The other problem with this particular choice of location is that gambling revenues there are already significant (they were as high as \$5.8 million gross as early as 1991! See DesBrisay, 1994: 22), presumably from bingo and VLTs. Perhaps the saving grace of this proposal is its relatively modest capital cost of \$4–6 million, compared with over \$25 million for the Brokenhead proposal.

#### *Is Accountability an Issue in First Nations Gambling Activities?*

Most definitely. The amounts of money involved are, relatively speaking, huge. In Saskatchewan, the office of the Provincial Auditor has found that the Saskatchewan Indian Gaming Authority has been guilty of 'improper and questionable use of public money', involving some \$1.7 million. It found that the CEO of SIGA improperly used debit and credit cards, board and management expenses were unsupported,

unauthorized salary advances were made, contracts were let in excess of market value and board members were sometimes in conflict of interest situations. Both the SIGA Chair/CEO and the whole board have been replaced (Saskatchewan Liquor and Gaming Authority, 2000). Since there was an intention that SIGA would assist First Nations casinos in Manitoba, this development must not only have been a disappointing one for First Nations, it must also have been an alarming one for the Manitoba Lotteries Commission (MLC).

There are important lessons for the MLC in what happened in Saskatchewan. The Provincial Auditor there has taken the position that the Saskatchewan Liquor and Gaming Authority (SLGA) 'could have prevented some of the improper use of public money if it had done a better job managing the public money under SIGA's control' (Saskatchewan, Provincial Auditor, 2000). The First Nations of Saskatchewan were let down, therefore, not just by SIGA, but also by the SLGA. This is bound to make the MLC more cautious in its regulation of First Nations casinos. Indeed, successful casino applicants have already begun to complain that the MLC is not only being unduly restrictive in negotiating management agreements but is also expecting Aboriginal casinos to pay for an expensive regulatory infrastructure (Fallding, 2001).

The other aspect of accountability is the use of gambling proceeds in the communities themselves. While the issues involved here may appear to be no different from those arising with the use of other sources of revenue, U.S. experience suggests that if inflows are large, gambling revenues can be particularly contentious. Questions arise about whether monies should be paid out on a per capita basis or pooled for collective use. Off-reserve residents have also claimed a share in such revenues when these have been large (DesBrisay, 1994: 44).

#### *What Are the Economic Impacts of Gambling?*

No systematic studies of the economic impact of first nation gambling facilities appear to have been carried out. In gross terms, U.S. tribes derived about \$300 million or 7% of their gross revenue in 1995 from food, beverages, hotel rooms and interest as sidelines to gambling. But the economic development impact goes beyond these direct linkages in more suc-

cessful operations. Thus, the Sault St. Marie Tribe of Chippewa Indians in Michigan used proceeds from its casino to create many spin-off businesses including two convenience stores, a janitorial service, a cleaning supplies outlet, a dry cleaner, an air charter service, a tribal newspaper and other successful businesses.

Economic development benefits may take a number of forms: local communities might benefit from the building of casinos and related facilities, through ownership of construction or transportation companies, providing building supplies or supplying labour. They might benefit from owning, managing and staffing these and related spin-off activities. They might also use gambling proceeds to diversify economic development activities into unrelated fields or spend proceeds on social activities which improve the ability of community members to participate more fully in the economy through work or through ownership of small community or privately owned businesses (DesBrisay, 1994: 27–34).

Of the five proposals for First Nations casinos accepted in Manitoba, all but one (the one on the Opaskwayak First Nation) are accompanied by a hotel, offering additional potential spin-offs and employment. Nothing is in the public realm about other possible forms of economic development associated with casino development, although the request for proposals put out by the Manitoba First Nations Casino Selection Committee puts great stress on economic development benefits (*op. cit.*: 9, 16).

The key to success in maximizing economic development benefits is to bring in as much outside money as possible, as a kind of export promotion strategy, exporting the 'service' of gambling and related activities to tourists, and to make the most of the wages, salaries, profits and jobs from these undertakings. If casinos end up relying on local dollars only, and on outside workers, owners or managers, then the strategy may be deeply flawed. They will simply divert money from existing local businesses, such as restaurants, stores, movie theatres etc, where these exist.

Proponents of gambling, like those of public money for privately owned professional sports franchises, tend to exaggerate the economic spin-off benefits. In fact, the multipliers seem to be quite small. The employment multiplier for the Windsor casino has been estimated at 0.6 for the construction phase and only 0.44 for operations and tourism i.e. for every job created in running

the casino, less than a half a job is created in the region. In smaller centres, like Sault St. Marie, relevant multipliers are only 0.29 for capital and 0.18 for operations and tourism (DesBrisay, 1994: 28). In most First nations, where economic infrastructure is very weak, the multipliers could be even lower. It is for this reason that some see possibilities of attaching facilities to casinos, such as stores or services, which might actually **reduce** income leakages from First Nations (DesBrisay, 1994: 29).

Part of the feasibility process includes an assessment of casino operations. Some of the issues that must be addressed include partners, ownership issues, regulation of activities, management talent, financing arrangements and the attractiveness of the venture to targeted segments of the population. The context of these decisions will include the community's own vision for independence and the move to a strong community.

#### *What Is the Magnitude of the Project?*

A small project may be in reach of a single community with the assets to access bank finances. If it is a large project however, then a **partnership** or consortium may be struck to put the deal together. This will involve setting the responsibilities and profit-sharing parameters down in an agreement that satisfies the needs of all parties. Financing possibilities are endless for communities with banks, land claim settlements with collateral from other investments being common sources.

For example, Manitoba's Brokenhead River Casino Resort, Inc, representing seven communities successfully submitted a proposal for a two-phase \$25 million project in the heart of cottage country. It will be located on reserve land where spin-off benefits will be most beneficial. The deal has been put together with bank financing. Many communities received treaty land entitlement dollars which could support economic development projects. Other proposals in the process were put forward by individual communities and ranged in value from \$4 million to \$22 million.

Buffalo Point First Nation was unsuccessful in obtaining a casino license but is going ahead with its hotel and golf course. It has entered into a partnership with another First Nation community and they will share project costs and profits. They will pool their VLT allotments and introduce them into the hotel for the benefit

### Sharing Insights

Richard Kirk, member of Six Nations and head of the oldest North American Indian-owned advertising company, has consulted in the field of Indian gaming for the last ten years. He has worked in his own community in Ontario and is currently working with the Seminoles in Florida as the marketing designate for Big Cypress Casino.

In Richard's opinion, the Canadian government is a major competitor in gaming since they have their own revenue interests to protect. It is difficult to get an operation on stream and in any event the government will ensure through regulations and other tactics that the Indian gaming industry is not as lucrative as the billion dollar industry is in the states. It is still worthwhile to look at the possibilities but be prepared to compromise.

With the Six Nations casino project, Richard first got his family support and only then went to elders and traditionalists to seek their support, prior to going to the political council and other interest groups. With that project, elders were concerned about liquor being served and the impact on the community. The proposal was put forward to locate in a community 1½ hours away so that social impacts would be minimized but it was still within commuting distance. He was also prepared to refrain from selling liquor for the first while. He said that his plan was to then show the elders how much profit could be added by selling liquor further into the project. The elders also said we can't endorse easy money. His reply was that this is the hardest money that you will work for.

The plan died after six years, for a number of reasons but he did note that the internal politics in the community were a big obstacle. For every good idea that is empowering there are one or two people willing to spend time and money to block the project. Time passed with this strife and decision-making stalled. The government opened a casino in Brantford in an effort to halt this project and it became a recycler rather than a generator of Indian money as Indians frequented the casino. Little new money was actually coming into the community.

The Seminoles do not have that same history of internal conflict and so have benefited enormously. They have built up a large economic base and are the leading economic group in Florida and are building a world-wide network of business interests. They have their own country in the state of Florida with their own shipping lines and airlines. The government is an issue but there are ways around it.

Casino revenue is of value when it is not recycling our own people's money. It is attracting new dollars. Success is also recognizing success in our own people from our own community. There is a crazy expectation that a person who is a professional must come back and must work for free despite his skills and expertise or he will be ostracized. It must come from so many generations of oppression.

In Richard's words, everyone in my community is an expert on regulations. Government withholds benefits and everyone knows the regulations about our entitlement. Why not spend all that energy on building business then studying the regulations? Our opportunities are exciting and within that development is true sovereignty. It is that, that will give us the freedom. Gaming is a highway to where we want to go. It is only a tool and we can keep the tool on the moral high ground if we choose because we will be able to set our own standards. Richard, a quintessential Indian businessman with a unique sense of public responsibility, notes, "I am the only capitalist socialist I know. That is what we bring to business" (Kirk, 2001).

of their sport fishing clientele and cottage owners from the United States and other parts of Canada.

The attractiveness of the project to various stakeholders will be the subject of much debate. This will continue through the decision to build a casino and can continue after the casino is in operation. For example, litigation was required when Métis and non-status Indians demanded that their share of casino profits that had been

earmarked for First Nation communities only (Makin, 1999) after Casino Rama, Ontario had been in operation. In other cases, opposition kills the proposal or is too weak to affect it.

#### *What Project Assets Can Be Identified?*

The community will want to identify all its assets and resources that can be brought to the casino project. How many band members

are interested in employment opportunities in a casino? Are there other community assets that are currently underdeveloped that might add to the marketability of the project? An advisory committee of experienced businesspeople from other casinos could be very useful in helping a community deal with these issues. Other advisory bodies might be helpful at different points in the project development process including one made up of community members.

A critical asset is the ability to hire a competent **manager** or management company. This business requires scrupulous standards in monitoring cash intake. Since the flow of unmarked currency is substantial, procedures must be in place to minimize internal problems and minimize the threat of organized crime. These threats to a project are well-documented and proper precautions standard to the industry. Experienced, professional managers are at a premium since they are in high demand. A complete inventory of community assets is necessary.

#### *What about Addictions in the Community?*

Casinos increase the chance of dysfunction in communities where they operate. When a casino opened in Hull, Quebec in 1997, the proportion of gamblers increased from 13.8% in a year, to 60.4% (Canadian Medical Association Journal Newsdesk, 2000). The proportion of Hull residents who disagreed with the establishment of a casino increased from 20% before the casino to 29% after the casino opened, which of course is too late to impact on the presence of the casino in the community.

According to Dr. Korn in a recent Canadian Medical Association Journal, there are ongoing debates around gambling addiction, family dysfunction, gambling by youth and on the quality of life enjoyed by individuals, families and communities (Korn, 2000). There was dramatic growth in Canadian gambling opportunities including the numbers of casinos, slot machines and video lottery terminals in the name of increased government revenue without increasing taxes. By 1997/98 every province except PEI was allocating monies to deal with people who suffered gambling problems to a total expenditure of \$15 million. Indian-owned casinos face the same issues of encouraging gambling and at the same time safeguarding their community public interest. A balance must be struck between the health, social and economic costs and benefits.

Aboriginal communities face huge social problems that impact on their dependence on the Canadian government to move them forward. Issues around the fact that economically disadvantaged and marginalized people are more vulnerable to gambling and gambling-related problems must be recognized (Korn, 2000). The cost to families suffering from gambling sounds very familiar in the Aboriginal community and includes dysfunctional relationships, violence and abuse, financial pressure and disruption of growth and development of children.

In order to deal effectively with a challenge such as problems affecting the quality of life in a community with a casino, there are a number of options. One such course of action would be to complete an addictions health profile of the community as part of the due diligence process prior to agreeing to a casino project. The objective is to measure the current state of gambling in the community since studies indicate that communities within an 80 km radius of a casino are impacted by it. Who gambles on bingo, lotteries, VLT's and the Internet regularly? How much money is spent monthly on these activities? Are there other addictions present in the family? What is the household annual income? Assistance from local university researchers may be helpful in developing this baseline community health card. This information will be of interest to the community before final approval is given to a casino.

Once a casino is approved, this information can be updated. Oftentimes, a percentage of casino revenue is set aside for treatment of problems related to gambling. These include a wide range of impacts which should be acknowledged when setting the parameters for these funds. This percentage and the types of programs can be tied into the problems that a community faces due to a local casino. This will protect community quality of life objectives as determined by those affected by a casino.

#### **First Nations Leadership**

##### *What Is happening in Other First Nations Communities?*

The casino-as-development issue, i.e., placing casinos as a central thrust in Aboriginal economic development, raises unique questions which First Nations casino proponents might consider prior to pursuing or continuing development. The ability to consult with other First



Nations in Manitoba could shed new light on a topic which has raised much public debate. One of the questions that a First Nations leader in Manitoba might consider is, what are other First Nation casino proponents experiencing?

Indeed, there were some concerns expressed by First Nations leaders regarding the need to consult with other communities. Unfortunately, the urgency regarding Manitoba's casino proposal deadline apparently hindered consultation between communities (*Winnipeg Free Press*, May 1, 2000, A4).

Although it has been reported in the local Winnipeg media that those communities that have submitted casino proposals have not been allowed to consult with other casino proponents, Liz Stephenson, Director or Research for the Manitoba Gaming Control Commission, stated that such a view is incorrect and, "proponents are free to talk publicly about their plans" (*Winnipeg Free Press*, May 1, 2000, A4).

What are some possible ramifications due to a lack of dialogue between stakeholders and interested parties?

The opening quotations at the beginning of this article represent opposing views, both Aboriginal and non-Aboriginal, which invariably arise in the casino debate. The juxtaposition of the two individuals' viewpoints is interesting as each represents the 'pro' and 'con' side of the casino debate.

Firstly, both individuals represent First Nations from both sides of the Canada-U.S. border. The casino-as-development/underdevelopment issue has linked First Nations people, surpassing the boundary lines that have separated relatives for generations. Interestingly enough, there are strong family ties that are nevertheless maintained.

The views expressed by the Elder and grandmother from Swan Lake, Manitoba speaks volumes about the changes that have occurred in most reserve communities. As the traditional economies of First Nations changed in accordance with the demands of Canada's capitalist economy over the past several hundred years, changes to family and community persisted. It appears that the extended family plays a minimal role in the rearing of children. The passing on of traditional teachings by grandparents to young men and women is quickly eroding in most communities and the traditional roles of parents has forever changed due to such federal policies as residential school programs.

Secondly, there is no doubt that First Nations leaders are cognizant of the potentially harmful social effects of casino development as shown by the Elder's comment. First Nations leaders will need to determine if there will be further negative social impacts resulting from the development and establishment of casino's on or near their communities. In order to address concerns raised that one of the social costs to First Nations is increased addiction to gambling and alcohol and to alleviate current government control in the casino issue, First Nations might further consider what impact an alcohol-free casino will have on government control of casinos. Furthermore, is such an option feasible?

Thirdly, the opening quotes represent a divergent viewpoint with regards to Aboriginal economic development, and in particular, casino development. There is a possibility that a lack of dialogue will lead to misunderstanding and apprehension between Aboriginal and non-Aboriginal people. An example of a possible occurrence such as this is evidenced by the thinly veiled hints of racism which were reported in the local media.

### *Racism*

Aside from future impacts of current legislation are other important factors to consider. One of the underlying issues in the casino process has been the question of racism.

One of the conditions that must be met by proponents is casinos must be located on reserve land. If casinos are to be situated off current reserve land, then tracts of private property purchased for casino development must be declared reserve status. In Thompson this will apparently involve creating an Urban Reserve, with which idea the local municipality seems to be entirely comfortable.

For other communities that declared an interest in establishing casinos near municipalities, however, potential location of casinos near non-native communities has proven to be a contentious issue. An editorial in the *Winnipeg Free Press* (May 1, 2000, A10) began by stating that there was no racism in the casino debate. Rather, the issue was one of "location, location, location," as is the case in any sound business and real estate strategy. But there are strong reasons for disputing this conclusion.

While some communities welcome the opportunities presented by the proposed casino, others reject it. Swan Lake First Nation, Mani-

toba killed its casino proposal that had provincial approval, when the nearby community of Headingley rejected a motion put forward by its local council to ascertain support for the proposal. Debate included racist information that was passed out by a local racetrack, Assiniboia Downs, underlining the no-tax status of on-reserve First Nations people and asking the question “Will there be a residential area developed to accommodate employees from Swan Lake Reserve — where will they reside?”

In effect, the brochure is raising the spectre of Swan Lake building housing next to the casino — code for natives moving into the community. “I don’t want them going around, buying every little piece of land and building a reservation,” one man said at a public meeting. Another said if he wanted to live next to a reserve, he’d move near one. “As a resident, I was personally appalled at the types of questions and suggestions that were made, and the fear-mongering,” said resident Dieter Hoch (Guttormson, 2000). One of the main reasons reported by the media was that the good people of Headingley did not want a First Nations casino located in their community. Very little is mentioned regarding whether or not Headingley residents opposed casinos, **First Nations** casinos or gambling in general. Located across the TransCanada highway is Assiniboia Downs, Manitoba’s horse racing/betting establishment, complete with several video lottery terminals. Surely then, Headingley residents are not unfamiliar with gambling.

*How Will the Provincial  
Government Ensure **They** Are  
Accountable to First Nations?*

Much of the debate about accountability has been one-sided, influenced very much by the Saskatchewan experience, taking the form of how to ensure that First Nations casinos are accountable to the Province. Given the responsibility of the Provinces for gambling this is only reasonable. But First Nations need to start asking questions of their own.

For instance, are there different types of ‘accountability’? Perhaps there is a different way to explain what ‘accountability’ means to **First Nations** which extends beyond that afforded by the conventional economic definition. First Nations leaders realize that there is a more holistic version of accountability which encom-

passes **social** respect and responsibility. How ‘socially accountable’ are other representative systems? First Nations might want to determine how **socially** accountable other representative systems are in the casino debate. For instance, does the Manitoba government’s approach to accountability compromise the success of First Nations casinos? If it has, what will this mean for the prospects of success of First Nations casinos? True, Manitoba First Nations’s lack of support for the previous Tory government might not warrant attention to the preceding question. But the current NDP government has considerable First Nations support and used the casino development issue as part of its platform during the 1999 Manitoba election. On the one hand, this was a bold and imaginative move which carried some political risk. On the other hand, as we have seen, there are some problematical issues with casinos as development strategy, and some not inconsiderable risks, made only worse if governments exaggerate benefits and underestimate costs, as the previous government has done.<sup>1</sup> First Nations need to be extremely cautious about entering this business and carefully determine in whose best interests the current government serves. At this early stage in casino development, tight Provincial control might be warranted, but how much control/interference will the government continue to exercise into the future? It must be remembered by First Nations that ultimate control over casinos rests with the provincial government. Is there a possibility that the only ‘control’ that First Nations will exercise over casinos will be limited to ensuring there is sufficient “Indian-ness” in casino architectural designs and bingo dabbers? During a June 2000 debate in the Manitoba legislature then gaming minister Ron Lemieux stated that the conditions of compliance which were set out in the Request for Proposals had to met by First Nations. “If they are not met, those First Nations will not get a casino” (Legislative Assembly of Manitoba, November 15, 2000, website).

First Nations must remember that the Tory government expanded gambling in the early 1990’s to address two concerns; money flowing out of the province as gamblers travelled to nearby U.S. casinos and the cries of hotel owners who were feeling the effects of decreases in alcohol consumption of customers and numbers of customers in general (Black, 1996: 50). In this regard, both Buffalo Point and Roseau River First Nation proposals would have established

casinos near the U.S. border, thereby addressing the outflow of Manitoba dollars (*Winnipeg Free Press*, June 4, 2000, A1).

As well, the Roseau River proposal had the support of nearby community (Emerson, Manitoba), a condition which must be met by casino proponents. Since neither proposal was included in the final selection process, one wonders whether or not broader political considerations were at work here, notwithstanding the seeming impartiality of the two person selection committee. For example, Roseau River has been quite assertive in claiming its rights while Buffalo Point, with the most highly developed infrastructures, has been involved with band membership concerns. Were all the factors considered in the final selection of proponents? In the absence of a transparent process one can only speculate.

#### *Who Will Define 'Management'?*

Mirroring the accountability debate in terms of seeing the argument from only one perspective is the issue of First Nations casino management.

It is important that First Nations casino proponents collaborate with provincially appointed management to determine exactly what is meant by 'management'. This is important because the term 'management' might have different connotations for First Nations and non-First Nations. An example of this can be seen in the SIGA/Saskatchewan government situation. If we carefully consider how First Nations conduct community consultations, then perhaps a new interpretation will be added to the alleged mismanagement by SIGA.

Due to alleged financial mismanagement, SIGA has come under closer scrutiny, following an audit which included the examination of SIGA Board meeting minutes. One of the conclusions made by the provincial auditor was that "proper Board procedures" were not followed (Saskatchewan government, November, 2000, website). Although the expertise and professionalism displayed by the provincial auditors is a given, perhaps perceived 'mismanagement' by the auditors regarding SIGA Board procedures was in actuality, not 'mismanagement' at all but was indicative of a decision-making by consensus.

#### **Closing Remarks**

When all is said and done, there can be few concluding remarks. The current socio-economic conditions in many First Nations reserves do

not appear to be improving and it is doubtful that casino development will alleviate the economic crisis on most First Nations reserves in Manitoba. If proceeding with casino development carefully, however, at an appropriate scale, in the right location and with due regard for maximizing jobs for First Nations people and purchases from First Nations enterprises, some communities might receive relatively large inflows of new capital. Again, for as long as they might last, if managed carefully, these resources could make a difference to the economic and/or infrastructural base of these select communities.

But at what cost? Although it might be difficult to immediately ascertain what the short and long term economic costs or benefits might be from casino development, the cultural and social impacts of casino development will almost certainly be felt for generations to come, and many of these will assuredly be negative, taking the form of a 'tax' on the poor as they seek to improve their lot through gambling. Gambling addiction will also certainly increase, with all the social problems that brings.

Who benefits? If these projects are capitalist ones, the likelihood is very few will profit, usually at the expense of many. It is 'survival of the fittest' in its purest form. Those individuals (or corporations) in control of economic development enterprises will reap the financial rewards and the majority of First Nations will most likely continue to wallow in Third World conditions. Although casino development will create jobs, the rights and benefits for First Nations employees does not appear to be a deciding factor in the casino process, as evidenced in the SIGA/CAW debacle. Only a true cynic would conclude that 'job creation' for First Nations is **not** one of the incentives in the casino-as-development issue. The real test for First Nations will be to maximize the economic spin-offs while avoiding or minimizing the social costs. This essentially means attracting business for the casinos from outside the First Nations communities. This will be easier said than done.

Furthermore, the issue of who controls First Nations casinos is a thorny one. Given the problems in Saskatchewan one can understand the desire of the Province to prevent a repeat in Manitoba. Strong central controls in the early days may not be unreasonable. But will authority and discretion be transferred over time and will culturally appropriate decision making institutions be allowed to evolve?

## NOTE

1. The Cyrenne Report (1995) concluded that the provincial Tory government had “systematically overstated the benefits and understated the costs associated with gambling” (Black 1996:52). Black points out that Ernst & Young’s report was indicative of the provincial government’s direct response to the Cyrenne Report and was an attempt to control damage which Cyrenne’s report might generate.

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