

The Gambling 'Economy' Is Destroying Whole Cities

by Marianna Wertz

Just as the Roman Empire kept its subjects passive and "entertained" with "bread and circuses," so today, the financial speculators who run the U.S. economy have taken over whole cities and states and turned them into gambling dens, with all the attendant, lucrative hotel and restaurant business. In the following two interviews, with constituency leaders from the nation's two biggest gambling havens—Las Vegas and Atlantic City—*EIR* presents a picture of both the destruction that is occurring to the *human* population that inhabits these gambling centers, as well as the fight that is beginning against these criminals.

In Nevada, State Sen. Joe Neal, a 28-year veteran of the legislature and current chair of the Legislative Black Caucus, is leading an initiative petition effort to place an additional 5% tax on those casinos which gross over \$1 million per month on gaming revenue. It is estimated that the tax would

raise about \$388 million a year, from the casinos' \$60 billion annual gross gaming revenue. As Senator Neal recounts, he has come under massive harassment for this, with a challenge to his recent re-election paid for by the casino interests and, when that failed, a lawsuit aimed at overthrowing the election altogether.

In Atlantic City, Housing Authority Commissioner Steve Young recounts in passionate terms the destruction that has been wrought on the largely African-American population of the city, by the "ethnic cleansing" instituted by the casinos in their takeover.

These are not isolated accounts. The same picture is emerging in virtually every state in the nation, as the agricultural and industrial economy is increasingly being shut down and replaced with every form of gambling and the growing "prison-industrial complex."

Interview: Joe Neal

Senator Battles To Tax Nevada Gambling Casinos

Nevada State Senator Joe Neal (D) has served in the Nevada Senate since 1972. He has served on every committee in the Senate and has chaired both the Human Resources and Natural Resources Committees. He currently serves as chair of the Nevada Legislative Black Caucus and as a member of the Finance Committee and the Committees on Government Affairs, and Taxation. In 1991, he was elected by the full State Senate (Democrats and Republicans) as Senate President Pro-Tem, in which Constitutional position, he served as Acting Governor in 1991.

Senator Neal spoke with Marianna Wertz on Oct. 3.

Flash: As *EIR* went to press, the news was received that the Governor of Nevada, following Sen. Neal's personal campaign against electricity deregulation, announced that the

planned deregulation would not go into effect. At the same time, Senator Neal learned that the lawsuit, on behalf of casino interests which attempted to challenge his re-election, had been dismissed.

EIR: What's going on in your fight to raise the tax on Nevada's gaming industry?

Neal: We have an initiative circulating to increase the gross gaming tax, from 6.25% to 11.25%. Let me explain how the taxes are acquired here on the gaming industry. It's a three-tier tax. The first \$50,000 per month is taxed at 3%. The next \$84,000 is taxed at 4%. Everything over \$134,000 is taxed at 6.25% of gross gaming revenue per month.

We are circulating a petition to create a fourth tier, in which everything over \$1 million gross gaming revenue per month would be taxed at 11.25%. The gamers are fiercely opposed to that.



The tax initiative is being circulated at the time I was also running for reelection. They put a gentleman up for the race, Uri L. Clinton, and heavily financed him. I beat him in the primary, because we were running under a law that says, when you have three or more people in the same party, the one who gets fifty-plus-one percent of the vote goes into the general election without an opponent. So, it becomes a clear nominating process for the Democrats. (The fifty-plus-one is not like a plurality, it's not like a simple majority. What you do, in order to get fifty-plus-one, you take and add up all the votes of each candidate, and you divide by two. If the person got a number of votes beyond that average, then that is the person who goes into the general election.)

EIR: Let me just clarify. In the general election in Nevada, is it true that generally the Democrat will win? Was there a Republican running?

Neal: It's not like that. What the gamers wanted was to stretch this thing out through November. So they put in a lot of money to get my opponent TV time. We assumed from that, that they wanted to keep me busy, so I would not be able to work on the initiative. They were very successful in doing that.

EIR: So you won the primary, which is basically the general election?

Neal: Yes, right. We won in the primary, which was Sept. 5. After we won, and because I had six votes beyond that fifty-plus-one, they decided to have a recount. They had a recount on Sept. 18, and the recount held up the votes. So, now, they decided to challenge the fifty-plus-one law.

EIR: The gaming industry is now trying to challenge the law that gave you the election?

Neal: Yes, but they don't do it in person. What they do is they hire somebody to do it for them. So they got one guy, a Republican, who was running in another race, who worked for one of the hotels, named Chester Major Richardson, who was running for the Assembly nomination, to file a suit, a writ of mandamus, asking that the law that I was elected under [Nevada Revised Statute 293.260(4)(a)]—they tried to declare that to be unconstitutional, based on a provision in the Nevada Constitution (Article II, section 1), which simply states that citizens should have the right to vote for all offices that may be elected by the State of Nevada, which is a vague section of the Constitution that has never been contested in the state.

EIR: That's now in the courts?

Neal: They filed a writ of mandamus before the Supreme Court of the State of Nevada. So far, we have not heard exactly what the court is going to do, whether they are going to accept a hearing and ask for a brief to be filed, or what. But their suit

was not against me. They actually filed the writ against the Registrar of Voters, Howard L. Lomax.

EIR: So they want to tie you up with this, so you can't continue the petition drive. Have you nevertheless been gathering signatures?

Neal: Oh, yes.

EIR: How many signatures do you need?

Neal: We need 44,009. We need to qualify the petition in 13 of the 17 counties, based on the number of votes that were cast in the 1998 election.

EIR: So, this petition would create a fourth tier to allow you to tax the casinos at 11.5% per month?

Neal: Right. We're essentially going after the big boys who make the money.

EIR: Is there good support for this in the state?

Neal: Two of the major newspapers in the state, the *Las Vegas Sun* and the *Review Journal*, had done a poll, which indicated that people favor this throughout the state by 63 to 26%.

EIR: Why do people favor it?

Neal: They asked, do you favor raising the gaming tax to 11.25%? They said yes. The argument against it is that people would like to raise taxes of somebody else rather than themselves, that's what the gamers like to say.

EIR: What would this revenue be used for?

Neal: The revenue would be used to put money into those areas which gaming has affected up to this point. Right now, gaming brings in an average of 45 million people per year. When those people come to the state of Nevada, with its permanent population of about 1.9 million, they need all of the services that the permanent population needs—even some of the schools, because they do have an impact on the schools.

So what we tried to do, is to earmark the funds, with 45% to go toward educational programs, salaries for teachers; 38% to go for reduction of the motor vehicle purchase taxes; 8% to go to the Highway Patrol, for salaries, and also the Gaming Control Board, for salaries; 7% for economic diversification; and 2% for gambling addiction programs. The plan was based on an estimated additional revenue from the gaming of about \$388 million a year.

EIR: That would come in as a result of this tax increase?

Neal: Yes. This is based on the fact that gaming taxes have not increased since 1987. During that same period of time, the fees and taxes of the individual citizen have risen over 200%.

In the last quarter, ending June 2000, gaming's gross reve-

nue was \$15 billion. That comes from four revenue streams: beverages, food, rooms, and gaming. Out of that \$15 billion, \$9 billion came from gaming alone.

So, when we look at just the gaming, out of that \$9 billion, \$6 billion came from coin-operated machines, which was not labor-intensive at all. This is people standing there and putting their money in machines. That's why you can walk in any of these places and you see these banks of slot machines and poker machines, video-poker, because they are the money machines.

They claim that the new tier of 11.25% would put them out of business. Of course, we say that's a lot of B.S.

EIR: This figure of 45 million people coming to Nevada every year: Is that growing or has it been pretty constant?

Neal: That's growing. It is up from about 41 million in 1999.

EIR: I would guess that with the "new economy," gambling would be increasing.

Neal: Thirty-six million of those actually come into Clark County, which you probably know as the Las Vegas area.

EIR: So, they're trying to take the seat away from you and stop you from gathering these petitions?

Neal: Right, because they know that when we get back into the next session, that either I'll get the signatures or I'll probably introduce a bill, or be in a position to amend any type of legislation that might come through there.

EIR: When does the next session open?

Neal: Feb. 1, 2001.

EIR: So how long do you have to gather the signatures?

Neal: The deadline is Nov. 14. We're scrambling to try to get the signatures in.

EIR: Is there anything else our readers should know about this?

Neal: They've financed Clinton very well, and, of course, the press has noted that.

EIR: What's his background?

Neal: He's a young lawyer who was admitted to the bar in October 1999, a young kid about 28 years of age. That's it.

EIR: He has no credentials to run for state Senate?

Neal: No, no credentials whatsoever.

EIR: So the gamers are afraid of you because you have a lot of leverage in the Senate?

Neal: Not only that. I'm also the most knowledgeable person you can have, with rules and regulations, that govern the Senate.

Interview: Steve Young

Gambling in Atlantic City: The Human Toll

Mr. Young is Commissioner, Atlantic City, New Jersey Housing Authority. He spoke with Marianna Wertz on Oct. 4.

EIR: We will discuss the housing crisis that you see from your position as Commissioner of the Atlantic City Housing Authority. Tell us what is going on there.

Young: Well, this is a unique place. Atlantic City, as you may know, has casino gambling — New Jersey was the second state to have it — which is basically an experiment, because, unlike Vegas, we have people living here, with families, and it's a smaller city than just vacant land like Vegas was. So, there's not too much land to go around, for building casinos or hotels, which caused a very serious problem.

One problem was, that Atlantic City was going down before there was casino gambling, and needed something to establish some revenue in the community. But when the casinos got here, they not only had casinos, but they had hotels, restaurants, shops inside the casino facility. What that did, was eliminate a lot of local stores, mom-and-pop stores, of people that had been struggling to make it for their families.

EIR: Like a K-Mart moving into your neighborhood.

Young: Exactly. Another thing: We have what they call a Casino Investment Redevelopment Authority, which is an authority that's governed by the state. That money is supposed to come back into the community to redevelop it, especially for housing. What we're finding, is that most of those houses are very unaffordable to low-income people; that came along with the welfare-to-work program; a lot of low-income people in public housing were told that they would have to get a job. Well, with the casino industry, there's no job security there. Most of the people went to that agency [casino employment]. As a result of that, we have a lot of public housing that's been demolished. There's no more one-for-one replacement of housing. (What I mean by that, is that if you demolish one, you have to build another.) HUD [U.S. Department of Housing and Urban Development] got rid of that, and because of that, we do not have enough housing to go around, and our waiting lists are very, very long.

EIR: This is true all over the country.

Young: Yes. What happens is that you have a lot of overcrowding of residents, people staying with relatives, not