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OUTLAW BUSINESSMEN: ORGANIZED CRIME AND THE LEGALIZATION OF
CASINO GAMBLING

University of California, Berkeley

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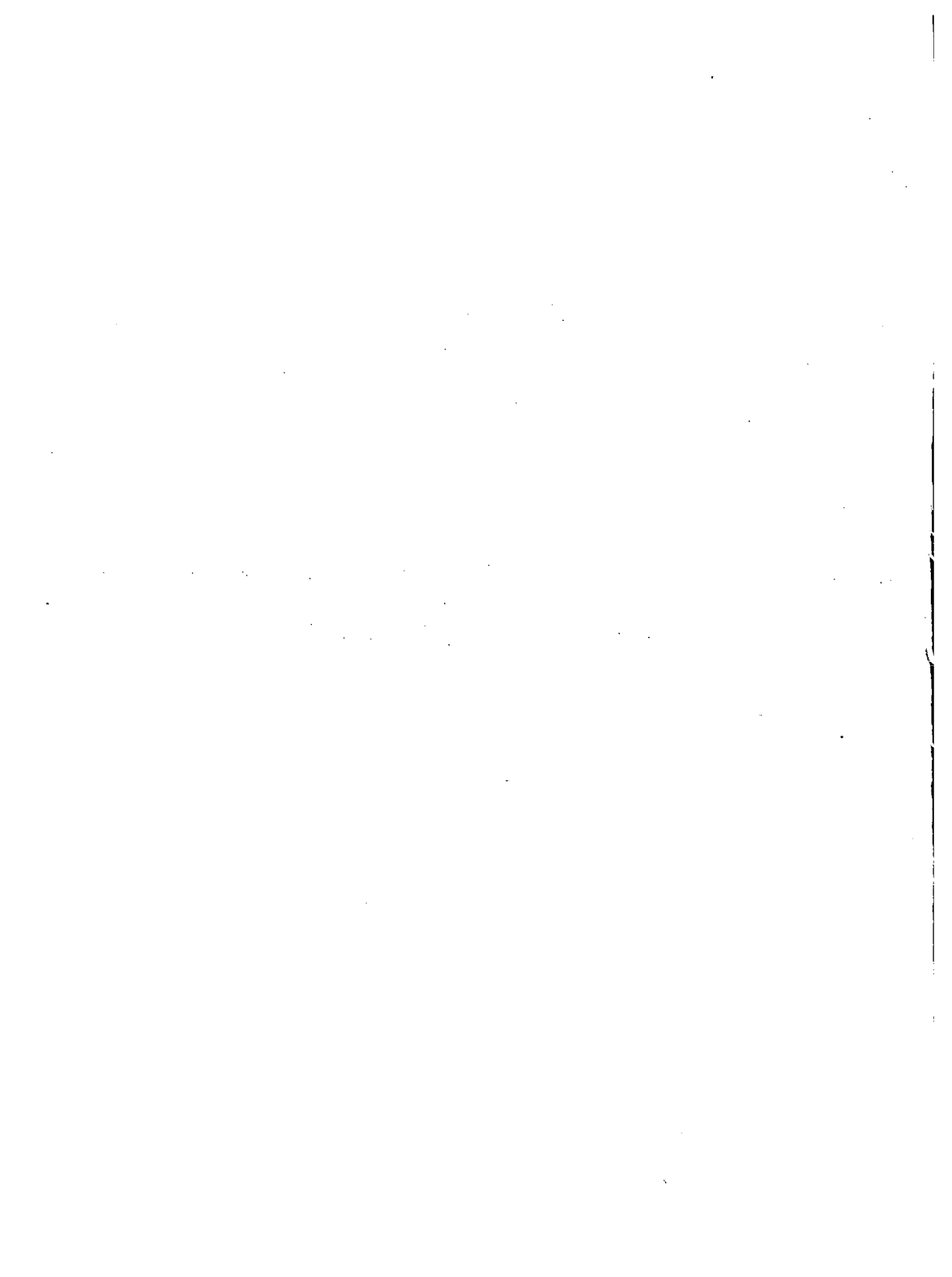
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Outlaw Businessmen:
Organized Crime and the Legalization
of Casino Gambling

By

John Dennis Dombrink

A.B. (University of San Francisco) 1973

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DISSERTATION

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DECEMBER 12, 1981

To My Parents

For Caryl

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TABLE OF CONTENTS

Chapter 1. Perception of Threat and the Criminalization Process . .	1
Sociological Studies of Criminalization and Stigmatization. . .	9
Response of the Deviant to Stigmatization and Criminalization .	18
Methodology	24
Chapter 2. Psychological and Sociological Explanations of Gambling	
Behavior and Organization.	35
Rationality and Social Functions of Gambling Behavior	39
Gambling as Play Activity and Entertainment	42
Gambling as Substitute Social System.	42
Gambling as a Display of Character.	43
Gambling as Rational Pursuit of Economic Gain	45
Gambling as a Realization of Work Values.	46
Gambling as Social Safety Valve	47
State Ambivalence in the Criminalization of Gambling.	49
Professionalization and Integration of Gambling Interests . . .	57
Ineffectiveness of Criminalization Policies	62
Impetus for Legalization: Resolution of Fiscal Crisis.	67
Constraints on Legalization: The Integration of Organized	
Criminal Interests.	73
Chapter 3. Criminal Capital: Sources of Normalization and	
Stigmatization of Organized Crime.	84
The Rise of the Businessman-Gangster.	94
Organized Crime and Upward Mobility	95
Diversification into Legitimate Enterprise.	104

Avoiding Detection	105
Reducing Risk.	105
Giving Illegal Capital a Legal Status Protects it from Appropriation.	106
Acquiring the Benefits of the Economic Criminal.	106
Competitive Advantages	107
Organized Crime and the State.	115
Chapter 4. Accommodation and Destigmatization: The Political	
Economy of Legal Casino Gambling.	128
Organized Criminals and the Mormon Church.	133
Organized Criminal Entrepreneurs and the Federal Government.	135
Organized Criminal Entrepreneurs and the Nevada State Officials.	136
Organized Criminal Entrepreneurs and Nevada Residents.	138
Organized Criminal Entrepreneurs and Others in the Gaming Industry	139
The New Respectability and Residual Ambiguity.	140
New Rackets, New Racketeers: The Problematic Normalization of the Organized Criminal Entrepreneur	146
Chapter 5. New Jersey 1976: Legalization as Economic Development. 152	
Casinos as Redevelopment: The Proponents' Campaign.	164
The Opponents' Campaign.	168
Campaign Financing and the Organized Crime Question.	171
Conclusion: The Selling of Casino Gambling.	174
Chapter 6. Florida 1978: "Painless Prosperity" Challenged 183	
The Legalization Measure	189
Florida's Economic and Political Profile	191

The Southern Florida Tourist Economy	194
Let's Help Florida Committee	199
Limited Opposition to Legalization	205
Well Financed Opposition to Legalization	211
The Organized Crime Question	216
Effective Opposition -- "No Casinos" and "Casinos Are Bad Business".	218
"No Casino" Advertisements	236
Conclusion	242
Chapter 7. The Political Economy of Societal Reaction: The	
Perception of Threat and the Mobilization of Deviant Definitions.	254
Conditions Under Which the Legalization of Casino Gambling is Likely.	261
Conditions Under Which Continued Criminalization of Casino Gambling is Likely	262
Hypotheses	266
Models of Legalization of Vice	269
A Dynamic Model of the Role of Political and Economic Elites in the Legalization of Vice.	271
Casino Gambling, 1978-1981	275

APPENDICES

- A. Resorts International Financial Growth Chart
- B. Proposed Casino Properties--Atlantic City Update
- C. The Committee to Rebuild Atlantic City Materials:
 - a) "Help Yourself. Help Atlantic City. Help New Jersey"
- D. Miami-Metro Chamber of Commerce, "Miami Muscle"
- E. Let's Help Florida Committee materials:
 - a) "Constitutional Amendment Petition Form"
- F. Floridians Against Casinos materials:
 - a) Photographs and captions from FACT booklet
- G. People Against Casinos materials:
 - a) "9 Reasons to Vote Against Proposition 9"
- H. Casinos Are Bad Business materials:
 - a) Committee Roster, 1978-79
 - b) "7 Reasons Why Casinos Are Bad Business"
- I. No Casinos materials:
 - a) "Are You Ready to Gamble with Florida's Future?"
- J. Interview Subjects

CHAPTER 1

PERCEPTION OF THREAT AND THE CRIMINALIZATION PROCESS

"What you see here today is nothing. More and more people are moving to California every day, and they love to gamble. In ten years this'll be the biggest gambling center in the world."

- Benjamin "Bugsy" Siegel, Las Vegas
Nevada 1947 (Nevada Gaming
Commission, 1970:7)

"Today, with the opening of casinos in Atlantic City, I think the American government has realized that you can't stop people from gambling. Now I read that Japanese businessmen are buying their way into hotels in Atlantic City, and that Penthouse magazine has acquired another hotel on the Boardwalk, and I can't help smiling . . . It seems a long time ago that Bugsy and I were driving back and forth across the desert trying to get the first casino built."

- Meyer Lansky, 1978 (Eisenberg,
1978:269)

"The business of legalized gambling in the metropolitan region has overcome questions concerning its morality, intimations that it is a tool of criminals and arguments that it is supported by those least able to afford it. In growing into a \$5 billion-a-year business, it has become a necessary source of revenue that provides more than a half-billion dollars annually to the budgets of New York, New Jersey, and Connecticut.

- (Feretti, 1979)

On May 28, 1978, Brendan Byrne, the Democratic Governor of New Jersey, cut a ceremonial ribbon at the Resorts International Hotel in Atlantic City, New Jersey, and officially opened the only legal American gambling casino outside the state of Nevada. (New York Times, 1978a)

Byrne, whose administration had supported a 1976 referendum designed to bring legal casino gambling to the decaying resort town of Atlantic City, had played a significant role in the attempt to reverse the 1974 defeat of a similar casino gambling initiative. (New York Times, 1976a)

Armed with a \$250,000 contribution from Resorts International -- a Miami-based corporation which operated a casino in the Bahamas and which had

long been suspected of ties to noted organized crime figure Meyer Lansky (Davidson, 1967; Mahon, 1980; Department of Law and Public Safety, 1978) -- and assisted by prominent New Jersey politicians like Byrne, casino proponents had regrouped by 1976 and removed some controversial provisions of the 1974 measure.

Voters were promised a new source of tax revenue for their state, the revitalization of Atlantic City as a resort area, and the subsequent beneficial impact on employment and economic development in New Jersey. And they were told, they needn't worry about organized crime. The state of New Jersey would adopt -- indeed, had already prepared -- the strictest gaming control laws in the world, to ensure that organized crime would not control Atlantic City the way it had "captured" Las Vegas. (New Jersey Statutes, 1980) Governor Byrne emphasized this point when he signed the Casino Control Act on June 2, 1977, and gave notice that " . . . organized crime is not welcome in Atlantic City. I warn them, keep their filthy hands out of Atlantic City. Keep the hell out of our state." (New York Times, 1977a)

Within a few months after the May 1978 Resorts opening it appeared that even the most cautious projections of gambling fever were being exceeded. The Resorts casino was filled with customers primarily from the Northeast, who waited five deep at the craps and blackjack tables, for the chance to place a bet. (Axthelm, 1978; McCormack, 1978; Goodman, 1978; Bralove, 1978) By summer, the daily gross gaming receipts at Resorts approached \$600,000, nearly double the daily house "win" at Caesars Palace or other leading Las Vegas casinos. (New Jersey Casino Control Commission, 1978; Caesars World, 1979; Metro-Goldwyn-Mayer, 1979) Nearly every month, another publicly traded corporation -- including some which had never been in the gambling business -- announced plans to

open Atlantic City operations. (Delaguch, 1978; San Francisco Chronicle, 1978; The Valley Times, 1978; Wall Street Journal, 1978) Corporations which were primarily in the hotel field, or the entertainment industry, were considering the addition of casino properties to their holdings. Metro-Goldwyn-Mayer, for instance, had slipped from its former position of dominance in the motion picture industry, and plummeted further as it continued to release cinematic extravaganzas which were box office failures. (Metro-Goldwyn-Mayer, 1970) Then, in 1973, with the opening of the MGM Grand Hotel in Las Vegas, its financial picture brightened. (Metro-Goldwyn-Mayer, 1974) Hilton Hotels Corporation, which annually reports more than half a billion dollars in revenues, estimates that more than fifty percent of its profits are accounted for by its two hotel-casinos in Las Vegas. (Hilton Hotels Corporation, 1975:1) Spurred by the experience of corporations like Hilton, Ramada Inns, Howard Johnsons, and Penthouse, the casino business initiated plans for Atlantic City casinos.

Impressed with the success of the New Jersey experiment, legislators and developers in other states began to consider legislation which would permit the operation of casinos in their states. If Atlantic City could be rescued by such a measure, why not the Poconos, the Catskills, or Miami Beach? Gambling fever had apparently taken hold.

In November 1978, however, election results in Florida called into question this momentum of casino gambling legalization. By a nearly three to one margin, Florida voters rejected a ballot measure which would have allowed Atlantic City-style casinos in the Miami Beach area. The political consultant who directed the successful 1976 New Jersey referendum considered Florida to be an even more likely candidate for casinos, and polls taken in June 1978 supported his contention. The results of

the Florida casino legalization campaign were another example of the curious legacy of the legal casino industry -- which grew out of roots in organized crime, and has attempted to shed that image and attract legitimate financing for more than thirty years.

The swiftness with which gambling fever hit the country after New Jersey's 1976 success tends to obscure another, perhaps more important phenomenon: the steady rise of many forms of gambling as a valuable source of tax revenue, safe stock investment, and respectable, middle-class -- even family oriented -- leisure-time activity during the 1970s. By the end of the decade, 21 states permitted parimutuel betting at tracks for thorough-bred and harness racehorses; 13 allowed dog-race tracks, four states sanctioned jai alai frontons, two had legalized off-track betting parlors, 14 had some sort of lottery or number games. In 1977, nearly fifteen million dollars was wagered in these legal forms of gambling, and over \$1.5 billion in taxes was paid to governments.

(Business Week, 1978)

Despite this flurry of legalization activity, only one state -- New Jersey -- acted during the 1970s to legalize the most controversial form of gambling, casino gambling.

Up until the time when Howard Hughes began acquiring casino properties in Las Vegas in 1966 -- in particular purchasing those hotels which federal law enforcement officials suspected of links to the underworld -- casino gambling had been a pariah industry, presumed to be one of many lucrative holdings in the portfolio of American organized crime "families." But with the arrival of Hughes, and the simultaneous move by the Nevada legislature to allow publicly traded corporations to own and operate gambling casinos, Las Vegas' image as an underworld holding began to fade. (Skolnick, 1978; Phelan, 1976) The entrance of publicly

traded corporations with diversified leisure or hotel holdings such as Hilton and Hyatt served to heighten this aura of respectability. Still, many believed that organized crime ties -- in the form of hidden ownership and dividends to organized criminal interests through the skimming of casino profits -- existed beneath the surface of a now respectable Las Vegas. (U.S. v. Meyer Lansky et al., 1974; Lancaster, 1979) It has been common for organized criminal syndicates to utilize respectable front men and dummy corporations for the furthering of their activities. Whatever good press Las Vegas was accepting in the late 1960s mattered little to the real arbiters of gambling's respectability and fiscal integrity -- the major institutional lenders who believed that Las Vegas gambling operators lacked business acumen and employed inadequate internal controls. Even with the addition of Hughes and publicly traded corporations, the only lenders who were interested in casino gambling before 1978 were Las Vegas banks and the Teamsters Central States Pension Fund, which was generally regarded as gangster-riddled. (Brill, 1978; Moldea, 1978; Sheridan, 1972; Velie, 1972; James and James, 1965; Hoffa, 1975; Kwitny, 1979; Drinkhall, 1972) When casinos attempted to obtain financing, they often met the reluctance of respectable institutional lenders.

Gambling, an activity which has historically been disapproved of in this country since colonial times because it posed a threat to the rationale that reward was due to work and merit, not to mere chance, was by 1978 being touted by Business Week as America's "newest growth industry." (Business Week, 1978) That same summer, Aetna Insurance Company became the first major institutional lender to extend a long-term loan to a casino gaming corporation. (Wall Street Journal, 1979) Barron's charted the meteoric rise of gambling stocks, and noted in an editorial

that the admonition, "Don't Be a Gambler," was no longer good advice, even for widows and children. (Grant, 1978) Time commented on this shift in opinion and public policy toward gambling in a cover story, "Gambling Goes Legit." (Time, 1976; Edgerton, 1978; Dorfman, 1978; Sturm, 1978; Snyder, 1977) "The once lurid gambling business," a Las Vegas wire-service reporter wrote, "now cloaked in the respectability of publicly traded corporations, has gained entrance to the drawing rooms -- and board rooms -- of polite society." (Borders, 1979) Where had this pro-gambling sentiment come from, and why were attempts to legalize various forms of gambling so successful in the 1970s?

This study will examine the politics of legalization in the two states which voted on the legalization of casino gambling between 1974 and 1981, as well as considering factors in those states presently contemplating legalization. It will attempt to provide answers to the following questions raised in the social movement and deviance literature:

How does an issue arise?

Who are the initial activists?

What previous or concurrent legal reforms or social movements have created an atmosphere conducive to this campaign?

What economic conditions prompt the suggestion of such change?

How is legalization conceived of by its proponents?

What interests are represented in the initial decision to seek change?

Who are the important contributors?

What benefits are available to these interests?

What is the basis of opposition to legalization?

Who are the initial opponents, and what is the basis of their opposition?

In what ways are they threatened -- symbolically or economically?

How do they attract other opponents?

How is the issue presented for public consideration?

What benefits are emphasized by the proponents?

What costs are emphasized by the opponents?

What constituencies are approached?

At what stages of the campaign are various interests likely to become involved?

What contributed to the solidification of opponent or proponent groups?

What types of individuals are instrumental in creating a bandwagon, or crystallizing issues?

It will identify:

The conditions under which deviant and illegal activities are likely to be considered for normalization and legalization.

The process and dynamics of the legalization process.

With the answers to these questions, the thesis will attempt to propose:

a) the conditions under which legalization of deviance is possible, and the process by which it takes place.

b) the conditions under which social movements for legalization of deviance can be blocked, and the process by which that takes place.

Consequently, the thesis will identify those state and economic interests which become involved in the legalization process, how they attempt to shape the legalization debate, and the process by which they mobilize support and persuade the uncommitted of the correctness of their

position.

While the legalization of casino gambling may appear to be an idea whose time has come, a change which might glide through legislatures in states in which fiscal crisis prompts the seeking of new forms of taxation, this thesis takes the opposite approach. It presumes that the legalization of any vice, in this case casino gambling, is problematic. In this study, the historic involvement of organized crime in the gambling business is what renders the activity problematic. Therefore, rather than explaining the ease with which gambling has been legalized nationally in various forms, this thesis will suggest that it is the very uneasiness of the moral passage of this one form of gambling which is interesting, which can illuminate some of the questions about the role of economic interests in the formulation of law, and test the hypothesis that deviance is easily normalized for high-resource violators. The case study of an unsuccessful 1978 Florida legalization campaign is presented as evidence of the problematic nature of casino legalization.

Through this study, we may be able to understand the passage of casino gambling from a stigmatized activity prohibited by the criminal law to an acceptable leisure time -- even family oriented -- activity, revenue source, and investment possibility. This examination will provide answers to the questions above, in the following ways: the locations and conditions under which citizens are likely to support campaigns for the legalization of casino gambling; which positive benefits are considered important enough to overcome popular fear of crime and corruption; the factors which contribute to a successful campaign, whether for or against legalization; how casino gambling fares when compared to the legalization of other vices; the ways in which the legalization process resembles both prior repeal campaigns -- such as that of the 18th Amend-

ment -- and previous criminalization processes, especially those pertaining to vice, such as marijuana and heroin legislation.

Sociological Studies of Criminalization and Stigmatization

These findings will also inform us about the limits of the criminal sanction, and amplify the theory of interest group influence upon the development of the criminal law. There are many versions of this theory in the sociological literature, including Becker's (1963) concept of the "moral entrepreneur," Dickson's (1968) concentration on bureaucratic interests, Duster's (1970) study of class-based moral definitions of an activity, Platt's (1969) analysis of the role of economic interest groups in defining a social problem, Timberlake's (1963) explanation of the role of the rising middle class and the nascent Progressive movement in temperance politics, Lindesmith's (1965) research on the treatment of the addict, Gusfield's (1963, 1967) portrayal of the temperance struggle as a conflict between rival social systems, Sutherland's (1950) depiction of the role of experts in defining criminal activity and influencing legislation, Hall's (1952) treatment of the role of interest groups in the development of the law of theft, Chambliss's (1964) theory of economic interests influencing vagrancy laws, Bonnie and Whitebread's (1974) concentration on the racial impetus behind marijuana legislation, and Ranulf's (1964) concept of disinterested reform.

These sociological studies of the imposition of criminal or deviant status offer a range of explanations for deviantizing.

Some emphasize the psychological functions of deviantizing, and propose that group tension can find release in the derogatory branding of individuals and groups. (Shohan, 1970:98-122) In this view, stigmatization is a potent cohesive process which strengthens the normative

systems of in-groups. It can also explain away another's success, and narrow the gap or relative achievement which may exist.

Another view emphasizes the boundary defining functions of deviantizing. Theorists espousing this position have emphasized that the process of deviance designation, and the establishment of criminal categories, serve as a cohesive force in establishing the normality of those members of a community defined, by process of boundary-setting, as non-deviant. (Durkheim, 1950; Lauderdale, 1976; Erikson, 1966) Thus, crime and deviance serve a function by separating the normal and the reputable from the discreditable and the deviant. By signalling the exceeding of tolerance limits, the process of deviantizing establishes boundaries of acceptable behavior, clear limits beyond which acts will be considered deviant, and the actors performing them labelled and made subject to a number of exclusionary processes. As Denzin explains, "We daily reaffirm our moralities and value structures by placing ourselves apart from others whom we regard as deviant." (Denzin, 1970:121)

A third perspective explains deviantizing as a class-based response to material threat. Those studies in this tradition attempt to describe the process by which the state and economic interest groups influence the definition of behavior as criminal, and individuals as deviants.

Rather than perceiving the criminal law system as an expression of social values that serves to meet the needs of the society considered as a whole, the interest group perspective emphasizes the ability of particular economic groups to shape the legal system to serve their needs and safeguard their particular interests.

To the researcher in this tradition, the most important guiding question is: to what extent are the economic, political, religious, or status interests of dominant groups threatened? These studies hold

that the perception of threat activates deviantizing, and that such threat need not be real or objective, imminent or exaggerated, as long as it is perceived as a threat. (Schur, 1980:415) Rock sums up this position when he states, " . . . the emergence of law is found on processes which mediate between behavior, its construction as threatening by the powerful, and its translation into crime." (Rock, 1973; Quinney, 1969; Chambliss and Mankoff, 1976; Carson, 1974; Galliher, 1978; Taylor, 1973)

Taken as a group, the studies in this third perspective may be categorized by the extent to which they examine the role of the state and economic interest groups in the criminalization process, and explain how moral arguments have their source in the class relationships and political economy of various societies.

In his study of the criminalization of heroin in the early 20th century America, Duster (1970) pointed out the dramatic social differences which can occur when morality is legislated by or for the middle class. He traces the shift in moral interpretations of drug usage which accompanies shifts in the class and racial status of the user population, and shows how the law redefines formerly neutral behavior as an activity laden with moral condemnation.

Platt (1969) explains the emergence of juvenile delinquency as a criminal category as a result of the changing relations and ethnic composition of America in the early 20th century. Legislation creating the juvenile court system and designating juvenile delinquency as a status offense was in part influenced by elite economic interest groups who felt that the children of recent immigrants needed to be socialized with "true" American values. The action taken by interest groups to support the creation of a new category of crime is seen by Platt as a response

to these groups' perception that their values were being threatened by the life style of lower class families and foreign immigrants.

Chambliss (1964) traces the evolution of the vagrancy laws of 16th century England to the needs of a changing power structure. The vagrancy laws are explained as a legislative innovation which reflected the necessity for providing an abundance of cheap labor, and afforded special protection for an emergent interest group of importance to English society.

In contrast to Gusfield's (1963, 1967) portrayal of Prohibition laws as symbolic acts -- that law is not only a means of social control but also symbolizes the public affirmation of social ideals and norms, to be understood in the context of a conflict between rival social systems, cultures, and status groups -- Timberlake (1963) locates the impetus of the Prohibition laws in the rising middle class and the role of the Progressive movement. Prohibition, in his view, was a typically paternalistic American reform. It didn't aim to repress the lower classes, but attempted to enable them to become happy and prosperous themselves, as they were educated and uplifted by more knowledgeable and prudent middle-class citizens. Similarly, Pivar (1973) portrays the late 19th century American reformers of prostitution laws as "new abolitionists," a modernizing elite who combined a utopian vision of society with an acknowledgement of the new social realities of the city. The reformers Pivar studies attempted to rescue prostitutes and purify society simultaneously, what he describes as a combination of remedial and attractive goals.

Where the previous two scholars find a benevolent paternalism among moral reformers, other studies have emphasized quite the opposite. Ranulf (1964) attributes the expansion of the criminal law to the rising power of a morally indignant lower middle class, which displays a disin-

terested tendency to inflict punishment as a psychological reaction to economic depression. Sutherland (1950), in a study of the evolution of sexual psychopath laws, identifies the self-preservative and expansive tendencies of a profession as the crucial variable. He concludes that psychiatrists generated the formulation of laws treating sex offenders as psychopathic as a precedent to treat criminals as psychopaths, a change which would enhance the powers and exercise of the psychiatric profession.

In a similar fashion, Dickson (1968) locates the impetus for moral reform in the need of entrenched bureaucratic interests to maintain or enlarge their authority to protect their budgets and continued existence.

Bonnie and Whitebread (1974) emphasize that it was because of racist values, rather than scientific evidence or benevolent paternalism, that law enforcement officials in Western states sought the criminalization of marijuana use, and tied the use of that substance to the level of criminality among non-white citizens.

These studies and others adopting a similar perspective have identified a number of factors which account for the bases of power from which economic interests influence formulation or reform of the criminal law. Roby (1969), in a study of the reform of New York state prostitution laws, identified three bases for reformers' power: their expertise, their ability to muster support, and their political and financial backing. Others distinguish among a number of ways in which interested parties further their policies: special interests and values are incorporated into law by direct political pressure applied by members of dominant social classes, by specific pressure groups, and government agencies, but also through the indirect incorporation of their values into decisions by actors in the legal system for whom those various groups

serve as reference groups. (Hay, 1975; Pfohl, 1977; Graham, 1972; Hall, 1978)

Naturally, the influence of special interests varies. The ability of powerful groups to exert their authority and have their definitions accepted as authoritative can be as discernible as visible and aggressive lobbying, or as subtle as the passage of laws they are presumed to favor, and which they needn't back with a strong show of support. (Chambliss, 1969)

Chambliss' (1964) discussion of vagrancy laws and Hall's (1952) examination of the law of theft provide an example of this variation. Chambliss explains: "In both these cases . . . the interest groups were sufficiently influential and sufficiently powerful (representing, as they did, the upper classes of society) that their ability to influence legislation stemmed from the fact that the legislators and judges never questioned the desirability of passing laws which would benefit these groups. Consequently, no organized intervention by these social classes was really necessary to bring about legislation favorable to them." (Chambliss, 1969:8)

Studies of decriminalization identify similar legal and social processes -- the reexamination of the boundaries of the normatively permissible. Consequently, much of what can be learned from the criminalization process can be applied to the decriminalization process. Recent studies of the decriminalization and legalization of formerly prohibited activities have shown that the normalization of deviant behavior, or its redefinition as an acceptable variation, a private matter, or a non-threatening activity, precedes decriminalization or legalization.

The most recent American example concerns the widespread use of marijuana among white, middle-class youth and its effect upon marijuana laws. Bonnie finds that the scientific propositions attending the

attachment of deviant status to marijuana use had always been assumptions tied to broader social perceptions of the using class. (Bonnie and Whitebread, 1974; Kaplan, 1971, Grinspoon, 1977; Musto, 1973; Grinspoon and Bakalah, 1976) The basic propositions -- for instance, that use inevitably led to abuse -- were quickly challenged when use of the drug was taken up by society's privileged classes. When the consensus against marijuana lost its sociological support, it immediately lost its scientific support as well. (Bonnie and Whitebread, 1974:225)

While studies of criminalization have identified the role of economic interests in the criminalization of certain behavior and classes of offenders, the literature on decriminalization has tended to embrace a perspective more closely aligned with a consensus view of formulation of the law -- generally asserting that legal reform finally occurred when prudent and tolerant policy makers recognized the errors of past criminalization efforts. The basis for legalization is usually presented either as a reaffirmation of traditional values or the realization that new mores are necessary to confront new social realities. (Allen, 1964; Geis, 1972; Israel and Mogill, 1975; Jennings, 1976; Kadish, 1967; Kaplan, 1975; Levi, 1973; Packer, 1968; Schur, 1965; Schur and Bedau, 1974; Skolnick, 1968)

In the literature on decriminalization, there are some findings which are pertinent to this study, and to the analysis of the economic interests which structure campaigns and movements surrounding decriminalization attempts.

Galliher (1974, 1978, 1979), in a series of studies of the sources of impetus behind decriminalization of marijuana, found in at least two cases that liberal and conservative opinion converged, and together the two forces were responsible for the decriminalization of possession of

small amounts of marijuana in what are generally considered conservative states -- Utah and Nebraska.

Rothman (1978) proposes that the coerciveness of the state in areas of morality is limited not by principled opposition to specific policies, but rather by the unwillingness of legislators to spend taxpayers' money: "It is an odd but perhaps accurate conclusion to note that the dependent and deviant may owe what freedom they have more to the fiscal conservatism of elected officials than to the benevolent motives of reformers."

Steinhoff and Diamond (1977) found, in a study of abortion law repeal in Hawaii, that it was not the efforts of pro-abortion groups campaigning for change that prompted repeal of that state's abortion laws. Instead, they maintain, repeal efforts succeeded because they were proposed as a conservative issue, one which appealed to traditional values already supported by the middle class.

Lempert's (1977) discussion of the goals of groups involved in campaigns to sway public opinion around issues of law and morality makes the same point:

Generally speaking, disputes between groups with conflicting moral claims will be decided by the relatively uncommitted, typically the bulk of the populace and political elites not tied to committed groups. The struggle for the support of the uncommitted will often appear as a more or less rational battle between conflicting groups to convince the uncommitted of the correctness of their preferred moral positions since, by definition, the uncommitted see neither position as clearly correct. Groups often attempt to tie their preferred positions to issues on which the public morality is clear.

Ranulf (1964) proposes that lower-middle-class indignation and the tendency to inflict punishment rise as the result of economic depression. While he and others have found support for an increase of moralization in the face of economic depression, there is evidence to support the opposite contention: that, in times of economic crisis, the state cannot afford to waste resources and lose revenue sources through the decision to control marginally condemned activities.

This was the major argument in the repeal movement during Prohibition, and the success of that position was due in large part to the way in which that argument was accepted and promulgated by significant and powerful sectors of society, including many industrialists who turned from Prohibition advocates to repeal supporters. (Sinclair, 1962; Burnham, 1968; Engelman, 1979)

In the face of the Depression it became more difficult for supporters of Prohibition laws to support the continuation of legal policies which were ineffective in destroying the market for alcoholic beverages, removed tax revenues and jobs from the legitimate economy, and encouraged the rise of a powerful underground economy of vice.

In times of economic crisis, the morality of Prohibition seemed ridiculous. Repeal, its supporters proposed, could help fight the economic slump, through the reincorporation of the liquor industry -- which would lighten the load on other sectors -- and through the redirection of tax revenues away from organized criminal interests and back to the state. Repeal became equated with prosperity.

The ideology of the repeal supporters, particularly those industrialists who had supported Prohibition and then advocated repeal, included a number of points which referred directly to the failure of the policy of criminalization. They sought to correct a misguided law which

was a clear failure, which had caused new problems, and which represented a dangerous overextension of the law. Repeal supporters explained that they weren't attacking the social ideals of Prohibition laws, only that they were dismayed by the actual results. The Depression was presented as a strategic event which made Prohibition policies outdated, and called for an adjustment -- with the adoption of new ideals and a new order of values. (Sinclair, 1962)

These studies indicate that the convergence of certain social forces, or the coincidence of various social movements, produce conditions under which reform of laws governing morality is likely. The extent to which those conditions are conducive to the formation of successful movements and organization, however, is in turn dependent upon those groups' maximization of certain resources and strategies, as the next section will discuss.

Response of the Deviant to Stigmatization and Criminalization

The studies previously cited share one important emphasis: the importance of power in the successful imposition or withstanding of designation as deviant.

In the negotiation of deviance outcomes, these studies agree, the possession and wielding of salient resources is most crucial. The socioeconomic position or class background of an individual deviant or class of deviants has a direct bearing on the ease with which one can be branded a deviant. One important focus, then, is on the power of one group to impose its definition, as Rock notes: "Deviance flows from the successful imposition of unwelcome status. The study of definitional processes must therefore be wedded to an analysis of the power structures which realise definitions in action. More particularly, it must

focus on the groups which have the power to award lowly status and on the processes whereby such awards take place." (Rock, 1973:122)

Schur (1980:168) makes an observation about the process of undeviantizing that is central to this study: that the other side of the definitional process of deviantizing is the process by which former or potential deviants manage to avoid or repel labelling as stigmatized or disreputable.

If deviantizing involves an assertion of social power, so too does the avoidance of stigma that others might seek to impose. The success of those who -- while engaged in widespread problematic behavior that could be defined as deviant, is thus the other side of the social relations or definitional thesis regarding deviance . . . Both stigma and nonstigma outcomes reflect the same basic self-fulfilling mechanism in official deviance processing through which power is confirmed and reinforced.

Those who have been successfully designated as deviant may seek to protect their culture by influencing the process of designation. Four possible responses of the deviant to stigmatization can be identified: 1) concealment; 2) acceptance of labelling and subcultural withdrawal; 3) neutralization; and 4) repudiation and politicization. (Shohan, 1970; Matza, 1969; Davis, 1961; Goffman, 1963; Dinitz, 1969)

Concealment would include processes which divert attention away from the deviance; consequently, it doesn't include a societal response based on deviant identity. The withdrawal to a subculture serves as a means of support for the deviant group, but with the isolation comes the expense of perpetuating the self-identity as deviant of those labelled. Neutralization involves a direct interaction between the labelled person

or group and society. It is an attempt on the part of the deviant to alter his or her conception of self as being unacceptable. It can be similarly described as normalization, defined by Davis (1961:126n):

" . . . the term 'normalization' denotes a process whereby alter for whatever reason comes to view as normal and morally acceptable that which initially strikes him as odd, unnatural, 'crazy,' deviant, etc., irrespective of whether his perception was in the first instance reasonable, accurate or justifiable."

The neutralization of the shame that accompanies stigma is achieved through the redefinition of the activity involved as acceptable, tolerable, or, at least, a private matter.

Neutralization has another side to it, tied to the attempt to influence the designators. One way to influence the process of designation is to join some movement to redefine the deviance. Another is to attempt -- directly, through bribery, or indirectly, through the use of influence attained through cultural affinities -- to influence the decisions of legal authorities. (Gusfield, 1967) This method is particularly suited to the deviants considered in this study -- organized criminals, whose structurally induced proclivity to corruption as a method of protecting their enterprises is a central defining characteristic of their activity. (Cressey, 1969; Ianni and Ianni, 1972; Ianni, 1974; Albin, 1971; Schelling, 1971; Bell, 1962; Smith, 1975; Chambliss, 1978)

While the attempt to influence the decisions of legal authorities may be considered a political act, the fourth category -- the politicization of deviance -- refers to a more separable phenomenon. While all deviance issues can be viewed as political issues, since the relative balance of power influences the ability of a dominant and powerful group

to impose definitions on a less powerful one, stigmatized individuals may, in a narrower sense, seek to politicize their deviations, to alter existing deviance definitions, reactions and policies. Through politicization, deviants hope to narrow or overturn dominant definitions, to "un-deviantize" existing deviance categories, to combat collective disvaluation and stigmatization. (Schur, 1980; Kitsuse, 1979)

However, the political act which demands recognition of deviance as acceptable, and redefinition of the activity as acceptable may have some side effects or unintended consequences. Because politicization is a more militant tactic, it may have one important short-term disadvantage: even as it seeks to legitimize the deviation, such efforts necessarily give great primacy to it.

What, then, are the important variables in the successful mobilization of sentiment? The first point to emphasize, Gusfield notes, is that deviance designations can be very fluid:

" . . . deviance designations have histories; they are changeable and subject to political reversals, the vagaries of public opinion, and the development of new social movements and moral crusades. Such changes have often been associated with the symbolic functions of law for the participating parties, whatever the effect of law in controlling deviant behavior." (Gusfield, 1967:72)

Gusfield's study of temperance politics and other studies of the social movements and crusades which surround deviance defining struggles have identified a number of variables which account for the successful imposition of deviant status, and legal definition as criminal.

Becker (1963) emphasizes the role played by moral entrepreneurs, those individuals who develop a strong stake in moral crusading and

devote abnormal amounts of time and energy to the problem. Such actors shape what Fuller and Myers (1941) term a "problem consciousness."

One goal of deviance theory, Cohen (1965) writes, is to determine under what conditions feedback circuits promote change and under what conditions they inhibit change in the normative structure. There are several stages of interest to us in the deviance-defining struggle. Earlier studies cited concentrated on the role of threatened economic interests in furthering definitions of activity as deviant or criminal. But these studies have also attempted to identify the conditions under which such deviance struggles take place. There are conflicting theories on this -- is stigmatization more likely to occur under conditions of prosperity or during economic depression? Ranulf (1964) proposes that during times of fiscal crisis and economic depression, the lower middle class exhibits tendencies toward disinterested punishment of deviators. Bonnie and Whitehead's (1974) study of marijuana criminalization supports this:

" . . . drug use or other minority behavior is more likely to be viewed with anxiety and to be indicted as social stability and optimism. When the dominant order is thought to be threatened -- by economic woes, by internal disruption or lawlessness, or by external aggression -- policy-making is likely to be defensive, lashing out at behavior perceived to be associated with the general societal fears."

This theory is at odds with the conclusions of others who propose that status politics are more likely during times of prosperity, because prosperity enables the upward mobility of certain groups which may pose a threat to the established status groups, who fear the effects of inte-

gration.

This study will try to resolve the conflict between these two competing theories of conduciveness by suggesting that the proper focus of a study of deviance struggles is on the processes through which threat is perceived, amplified, and diffused. More important than the identification of a number of conditions prompting legalization is an analysis of the processes by which ambiguity is resolved into certainty. The importance of the moral entrepreneur, for instance, lies in his or her ability to spark a problem consciousness, rather than just as his or her representation of certain material interests. Thus, the manipulation of political symbols and the use of propaganda in stigma contests take on importance beyond the merely threatened material interests which may be involved. We can envision a situation where clearly aligned and orchestrated material interests fail, when they can't counter the allegations of a powerful symbolic appeal: in fact, the predecessor campaign in the 1974 New Jersey legalization campaign demonstrated this. (Weiner, 1978)

This thesis proposes that it is misleading to concentrate on static conceptions of moral crusades or legal reform movements as contests where either side gathers up their obvious support, and then battles for the undecided vote. Instead, the nature of the deviance struggle is of a battle for definition of the central attributes of an activity or of persons participating in that activity. Therefore, this thesis proposes a more dynamic conception of the role of material and symbolic interests, proposing that, in the formulation of criminal law, issues of morality are always present, and therefore debates are likely to take the form of symbolic disputes. This thesis presents case studies which show how opposite decisions can be reached about appropriate public policy toward

the same activity in two states during the same time period.

The ambivalence of societal responses to gambling and to organized crime result in a stigma contest where both sides can call upon existing value systems to support their arguments -- either to further tax relief, or prevent disreputable economic elements from being integrated.

This study will concentrate on the primary determinants of movement success in their campaigns, the important factors in generating effectiveness in deviance struggles, while restating the proposition that, in negotiating deviance outcomes, having salient resources is what counts most. The concluding chapter will discuss how certain social movement variables -- the mobilization of resources, the articulation of political symbols, and the access to key decision makers -- account for the success of the casino legalization campaign in one setting, and its failure in another. (McCarthy and Zald, 1977; Zald and McCarthy, 1979)

Methodology

This study depended primarily upon informant interviews as the primary data source, but the interviews are complemented by participant observation field notes, public opinion poll data, secondary accounts, and public documents. The documents used include newspaper accounts from New Jersey, New York, and Florida of the legalization campaigns there; legislative memoranda; campaign literature and commercials; and special reports and government white papers.

Over the past five years, more than one hundred public officials, politicians, gaming industry representatives, labor union officials, attorneys, business leaders, investigative reporters, and other observers of gambling in America were interviewed as part of the research for

this study.

Interview transcripts exist for no more than a dozen of the interviews. A similar number were recorded and not transcribed. For the majority, no tape recorder was used -- by research design -- and notes were written up immediately following the interview.

The use of informant interviewing was chosen because it allows for the penetration of private political worlds, and the collection of information about external events or structures from the interviewees, who serve as surrogate observers. This method is necessary because information is required for the study -- concerning the role of elites in the political campaigns -- which is not subject to direct observation by the researcher. Several critiques of informant interviewing as a methodological device conclude that, despite the apparent inequality involved in the interviewing of those far more powerful than the researcher, useful and accurate information can be gathered because the interactional structure of the interview permits the establishment, at least for the duration of the interview, of a muted equality between interviewer and subject. (McCall, 1978; Benney and Hughes, 1956; Manning, 1967; Merton and Kendall, 1946)

Galliher (1979) notes that, with the exception of his own work, and that of Roby (1969) and Musto (1973), little primary data in the form of interviews has been gathered in the study of the social origins of the criminal law. Those studies that do rely upon this kind of data, he claims, have demonstrated that the use of key informants to discuss their own or others' behavior can be very informative.

While this method must be supplemented by other forms of data collection, it is essential in discovering the answers to certain crucial questions regarding the social movement variables relating to the legal-

ization campaigns: Were there cleavages within the movement groups?
When were the various coalitions solidified? Who was instrumental in
creating a bandwagon effect? Who crystallized the issues?

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CHAPTER 2

PSYCHOLOGICAL AND SOCIOLOGICAL EXPLANATIONS OF GAMBLING BEHAVIOR AND ORGANIZATION

The apparent ambivalence in the nature of gambling - threat to capital on the one hand, reinforcer on the other - accounts for the ambiguous attitude of the state toward it in the west. Moral condemnation and pious concern about the "social problem" combine with tolerance (gambling is either legalized, or laws against it are not enforced) and frequently a rapacious readiness to subject it to heavy taxation.

- (Fuller, 1974:37)

For many people like Sal Lenochi [million-dollar lottery winner], winning a fortune in the lottery is the one dream that has a possibility, however remote of coming true. Whether the prize be \$25,000 or a million dollars, they are convinced that winning would relieve them of financial worries forever and magically propel them into the glamorous lives of the beautiful people they have read about in magazines or seen in the movies and on TV. For the man struggling to make his mortgage payments and keep his car from the finance company, or the widow eking out an existence on inadequate Social Security payments, the lottery is the grist of which fantasies are made.

- (Kaplan, 1978:5)

Sociological and psychological explanations of gambling behavior can be categorized according to the emphasis each places on the purpose of gambling activity. Analyses of the act of gambling as action (Goffman, 1967), proof of status (Geertz, 1973; Udell, 1974), compulsion (Freud, 1953), anality (Bergler, 1957), or work (Zola, 1963; Herman, 1967; Kaplan, 1979), differ primarily on what exactly the gambler derives from gambling. While some sociological analyses emphasize the irrationality of the gambling enterprise--particularly in the reliance upon chance--others consider the central characteristics to be related to skill and deliberation. The encouragement of

idleness, the reliance upon luck, and the exhibition of irrational behavior could all be factors which would contribute to a negative assessment of the social functions of gambling. However, the exhibition of character-building skills, or the establishment of status would be the opposite--acts which would help, rather than harm, the social fabric. These ambivalent interpretations of the nature of the gambling act can possibly explain the most striking feature of gambling behavior: its ability to thrive, across cultures and over time, despite its prohibition, and its ability to maintain some sort of protected status as a tolerated vice.

A review of historical, psychological, and sociological material on the social benefits and costs of gambling reveals several themes which address the question: is gambling a social problem or a legitimate form of entertainment? (Dielman, 1979)

Of all the vices, gambling has encouraged the least vociferous opposition, in part because its harmful effects are not easily specified, but also because it serves certain functions for individuals. (Geis, 1972) For instance, it may provide an arena for the discovery and display of decision-making skills and coolness under pressure. For society, there are also functions which gambling can serve--as a social safety valve, or diverting the frustration of the working class. The ambivalence of gambling in American society can be stated as follows: at the same time as it supports some important precepts of the Puritan ethic and capitalist accumulative imperatives, primarily those accentuating risk, gambling challenges basic values of thrift and industry. This intrinsic ambivalence is, on its face, central to any consideration of gambling. As will be

discussed later, it is especially important because it led to the development of an illegitimate but tolerated gambling industry. The ambivalence toward gambling was magnified by the lack of consensus supporting attempts at its criminalization, or at least to strictly enforce existing law.

An official ambivalence toward gambling has existed throughout American history. (Cornell, 1974; Haller, 1979; Ezell, 1960; Drzazga, 1963; Asbury, 1938; Chafetz, 1960) If, in some forms, it was considered evil, or wasteful, in other forms gambling was--usually for upper class games--considered sport, as well as a valuable means (in lottery form) of raising revenue for state-sponsored projects.

Gambling in America has been the quintessential organized criminal activity. It is profitable and "victimless." Whatever harm is caused is not physical; any addiction apparently afflicts only a slight percentage of those who engage in the activity; "victims" enter it willingly; and respectable citizens participate in it. Given the intrinsic ambivalence of gambling behavior, and state-sanctioning of some forms of gambling operations, illegal gambling operators had the basis for establishing a situation of non-enforcement by police officials. With that protection, and with the large scale organizational forms which could later develop, illegal gambling became a large-scale, politically connected, and essentially respectable enterprise by the late 1800s. The professionalization of organized crime provided for its integration into legitimate circles, which in turn supports further professionalization. (Johnson, 1977; Haller, 1979)

The state's ability to control gambling activity has been proven to be ineffective, with little hope for reversing this

situation. Criminologists propose several reasons for this:
(Rubenstein, 1974; Duncan, 1976)

- a) low priority is given to it by police departments, as a result of
- b) difficulty in successfully closing down gambling operations because fines are imposed instead of jail sentences, and since the cost of fines can be easily absorbed, and new operations opened elsewhere. In short, the costs of the sanctions are not sufficient to deter participants.
- c) The resourcefulness of those prosecuted. This situation generates corruption, since those law enforcement agents who are positioned to selectively enforce gambling fines are not necessarily inclined toward strict enforcement anyway, and can be made less so through acceptance of a gratuity. The inevitability of gambling's prevalence and the proven ineffectiveness of the state--for a number of structural reasons--give support to those who argue for legalization as a prudent societal response, a pragmatic reassessment of current criminal justice policies, a last resort in the fight against organized crime.

From an analysis of the casino gambling legalization campaigns, and the results of public opinion poll data, the argument most frequently proposed for the legalization of gambling is to resolve the fiscal crisis. This is in contrast to the most frequent arguments for the relaxation of laws regulating other vices. Consequently, the proposed benefits of gambling legalization are such that they reduce attention which might otherwise be focussed on the participant/addict/deviant.

That, aside from the regressivity issue, the most important variable in the continued criminalization of gambling has been its status as a major source of revenues for organized crime. (Peterson, 1951; King, 1969; Reid and Demaris, 1964; National Advisory Committee, 1976; Kefauver, 1952) This is both a concern of law enforcement agencies and policy makers, and a generalized concern of the public--based on the historic involvement of organized crime in illegal and legal gambling settings. Public opinion polls taken during the time period of this study have shown that, where all other sources of opposition disappear, the threat of organized criminal involvement remains.

Rationality and Social Functions of Gambling Behavior

Why do people gamble? Is it a form of punishment, a celebration of risk, an irrational impulse, a desperate act of the poor, an unproductive indulgence of the rich? Psychological and sociological explanations range from those that consider it a compulsive activity and a form of self-punishment to those that interpret it as an act which reveals crucial skills of decision-making and autonomy.

Many of the opponents of legal gambling present their opposition in terms of the harmful effects legal gambling would have on the working class. (Commission on the Review, 1976:66; Suits, 1977; Kaplan, 1979:34) These harmful effects can be summarized as follows: gambling has no social benefits, and it undermines capitalist ethics of thrift and industry. The fatalistic value system of gambling is in conflict with the underpinnings of bourgeois capitalism: rationality, disciplined work habits, prudence, thrift, methodical adherence to

routine, and the assured correlation of effort, ethical merit and reward. Gambling blurs the distinction between well-earned and "ill-gotten" gains. It is debased speculation, a lust for sudden wealth that is not connected with the process of making society more productive of goods and services. Government support of gambling, whether through legalization or direct state operation, gives a legitimating imprimatur to the pursuit of wealth without work and breeds a politically irresistible demand for other forms. (Moody, 1965; Coggins, 1966; Starkey, 1964; Will, 1976; McWilliams, 1979; Kristol, 1973)

In addition, gambling is portrayed as an addictive activity which preys upon the weakness of the gambler, especially those working class gamblers who are most anxious to strike it rich and least able to bear the burden of gambling losses. (Martinez, 1972; Kusyzyn, 1972) Gambling is therefore strongly associated with improvidence. Legal gambling, inasmuch as it depends upon working class wagers, is a regressive tax. Legalization, it follows, might have the detrimental effect of encouraging proliferation of gambling, creating new gamblers, and breeding a politically irresistible demand for other forms. (Commission on the Review, 1976)

In sum, gambling:

- * is an irrational activity--participants don't prudently gamble--they don't approach the activity with goals and limits--but are swept up with the excitement.
- * encourages compulsive participation, thereby creating addicted gamblers and preying upon the psychological weakness of people.
- * appeals especially to those least able to afford it. Legalized,

it is a regressive form of taxation, and preys upon the weakness of the lower class.

- * undermines the work ethic, encouraging participants to value the benefits of luck and chance over those of thrift and industry, and thereby challenging work as the only legitimate means for upward mobility.
- * threatens the capitalist economic system, by providing a situation in which capital may be accumulated without its prior possession.

These objections correspond to one sociologist's explanation of gambling's status as a social problem:

- a) it makes inordinate demands upon rational and personal material resources;
- b) it is inextricably interlocked with criminal activities and thus dominated by underworld associations;
- c) it entails submission to the forces of irrationality, rendering it destructive to individual character and to public morals.

If all these propositions were true, then a society which legalized gambling, for whatever reasons--even those as acceptable as generating revenue without raising taxes, reducing law enforcement costs, and spurring economic development--would do so in the face of possibly serious consequences for those persons who do gamble.

While it might be suggested, cynically or in support of libertarian ideas, that society might as well accept an individual's rights to choose to participate in such activities, however harmful to themselves, and then tax the sickness so that the state can at least

derive some benefit from it, many studies challenge the idea that gambling is actually a harmful activity, for society or individual members of society. Those sociological and psychological explanations of gambling behavior which refute the charges of irrationality and unproductivity in turn emphasize the ways in which gambling is either not harmful or actually productive.

Gambling as Play Activity and Entertainment

Caillouis (1962) argues that gambling is a subtype of play activity (alea) which consists of games of chance. In the isolation from real life, gambling allows the participant an escape from work and disciplined labor. As an entertainment activity, gambling provides an outlet, an escape from work and disciplined labor. As an entertainment activity, gambling provides an outlet, an escape from the routine and boredom characteristic of much of modern life. Taking a chance, whether by small or large wager, destroys routine, and therefore is pleasurable. Gambling introduces an element of anticipatory hope into what otherwise are often drab existences. This is particularly true of games of chance, where the outcome of the gamble is independent of the player's skills, he or she relies upon everything by him or herself. To Caillouis it is the very capriciousness of chance that constitutes the unique appeal.

Gambling as Substitute Social System

Other explanations of gambling behavior consider gambling a trait found in all persons and all societies. People need to participate in games of chance as a response to the perceived uncertainty of the

social environment. In modern social systems, Caillouis argues, gambling serves the function of providing a substitute world in which natural and individual differences are abolished. Zola (1963) interprets the interaction of lower-class gamblers in the betting shop as the effort to establish a primary group in a self-contained refuge from the often hostile or indifferent outside world.

Gambling as a Display of Character

To understand this element of gambling's appeal, one must appreciate the value of risk-taking. To the outside observer, some actions may seem unnecessarily risky, with little or no gain for the participant, and a loss of money, threat of injury, or waste of time a setback. We need to first separate out the exhilaration of the risk itself--which may, as some psychologists have suggested, fulfill innate biological demands--and the products of risk-taking, specifically the exhibition of certain character traits.

Some students of gambling behavior argue that risk taking is essential to the development of character, particularly in the male, and is also conducive to material advancement. (Knowles, 1976; Ginsburg, 1976) Gambling is a means of satisfying this drive when other, more legitimate, professional, or socially sanctioned enterprises are foreclosed. For games of skill, the act of gambling forces the player to rely upon him or herself. Games of skill demand that contestants utilize their ability to surmount obstacles--to make critical decisions under pressure, and thereby maximize his or her critical or analytical skills. Through decision-making under stressful conditions, the gambler exhibits subterranean values--toughness, excitement and disdain for routine work. In this view, it is not so

much the monetary value of the wager that is at stake, but one's character that is being placed on the line. The "action" of the gamble is a celebration of self-determination, through the revelation of character under stress, and the rewards--for the winner or the loser--can be many: courage, gameness, integrity, gallantry, composure and presence of mind. Newman describes the functional social attributes of the gambling situation:

" . . . the bettor, in the company of his comrades and peers, is offered the opportunity of displaying characteristics of steadfastness, valour, and coolness; where he is able to exhibit the qualities of modesty in his moments of triumph and imperturbability in times of despair; where norms are evolved and internalized, where roles are rehearsed and refined, and where collective consciousness is constantly refined and redefined." (1972:6)

Moreover, as Goffman proposed, the immediacy of the reward for success--which contributes substantially to the sense of "action" in the gamble, the uninterrupted nature of the risk sequence giving the various games their intensity--is in stark contrast with everyday life: "The distinctive property of games and contests is that once the bet has been made, the outcome is determined and payoff awarded all in the same breadth of experience." (1967:156)

Herman, Newman, and Zola argue that these properties of display of character and exhibition of skill are especially attractive to lower-class men, for whom gambling contains essential elements of esteemed entrepreneurial roles absent in real-life occupational, familial and

recreational roles. Given the uncertainty of lower class life, gambling provides the illusion of control over the environment, an attractive feature to lower-class men who are normally frustrated in their every day work and family experience.

While this may explain lower-class gambling behavior, it does not explain gambling by those whose productive drives are not frustrated by class-based stratification. Tec (1964) for instance found the propensity to gamble highest among the upper lower class of Swedish society, among those who most experience status-frustration. Devereaux (1949) attributes the apparent propensity to gamble among both the lower class and the upper class to a lack of internalization of the Protestant ethic and the attendant religious beliefs concerning the capitalistic means of financial acquisition.

Gambling as Rational Pursuit of Economic Gain

This point disputes the irrationality argument: the most obvious reason to wager is to win. Various forms of gambling--particularly those like the lottery or the numbers game--allow a person to win phenomenal amounts of money while wagering little. The gamblers observed by Zola, Goffman, and Herman in their studies are realistically aware about the prospects of winning; they weigh the odds, conserve their resources, and are thrilled by the action. Herman was struck by the evidence of careful deliberation, sustained concentration and disciplined composure of race course attenders, closely resembling the socially most highly valued aspects of the typical middle class work situation. Newman observes a similarity between the cultural objects found in gambling and those in conventional entrepreneurial roles--

systematic study, attention to fluctuation of market conditions, estimation of probabilities, and finally the backing of personal judgment with real cash. (1972)

Whether the gambler is receiving the direct and immediate source of satisfaction from the thrill of gambling, or from the reward of winning, the portrait of the gambler offered by Zola, Newman, Goffman, Herman and Devereaux is one of a rational, socially adaptive, problem-solver. Newman (1972:228) concludes:

"To scrimp and save to lay by a few pounds to see these eroded by inflation, wiped out and exposed in their foolish inadequacy in a sudden family emergency or, worst of all, to leave your few accumulated possessions to be fought over when you die--no other single cause, by all accounts, exerts comparable power as a detonator of family unity--is poor sense. To use this money in the hope of a big strike--who knows, you might even win enough to put down a deposit on a house--is surely superior rationality."

Gambling as a Realization of Work Values

Contrary to the hypotheses of those who feel that gambling detracts from a worker's attention to his or her task, gambling may rather satisfy needs which are going unrealized in the workplace. Tec found, in a study of gambling behavior in Sweden, that gambling behavior was correlated with the gambler's dissatisfaction about work. This finding concurs with those (Bloch, 1962; Downes, 1976) who emphasize

gambling's role as a response to the routine and boredom of modern industrial life. Interpreting the causality of the correlation as a product of gambling--in other words, implying that the lure of the games softens the worker's ability to produce while at work--would lead one to the conclusion that gambling was dysfunctional for society. The interpretation of Tec, Kaplan, Herman, and Weinstein and Deitch (1974), reads the correlation in the opposite way--gambling is seen as a source of satisfaction of work needs given the degradation of work, rather than as a disruption of work pattern. "Gambling," Kaplan explains, "rather than the cause of dissatisfaction, may be a symptom of and a source of relief from the frustration of work in a highly automated, industrial society."

The triumph for the skillful gambler--the thrill of victory, the status awarded by one's fellows when one has made a correct assessment of a sporting contest--can become a substitute for the achievement, recognition, and self-actualization lacking in the work setting." Therefore, in addition to the monetary inducements to gamble, one can see the nontangibles involved. "In a work world which offers little opportunity for creativity and independence," Kaplan (1979:30) argues, "where work pace, routine, and decisions filter down from the wages and salaries eroded by inflation, people turn to gambling in search of the challenge and opportunities absent in their jobs and to divert their thought from the frustration and boredom which daily confront them."

Gambling as Social Safety Valve

A British bus conductor-gambler told one student of gambling behavior:

"You must realize that a working-class chap is an underdog and feels like one. He is not satisfied with present conditions, so he often escapes into a world of dreams. This world he finds in religion, socialism, or gambling. Socialism is a dream for himself personally. He can't hope to save enough to get out of his dreary existence. He can't work himself up, that is open only to a very few of the best men. The only way out of the mines, or cotton mills, or foundry work or navy work on the road, is to win in a big way. Only in that way can he gain his real freedom." (Fuller, 1974:35)

Zola argues that gambling, while it may appear unproductive, is not necessarily dysfunctional. "Gambling may be a way of harnessing or channeling otherwise destructive frustration," he notes. "Instead of lashing out at society, [working class gamblers] lash out at 'the system.'" In this sense, gambling may be an activity which helps reinforce and preserve some of the major values of the larger social system." (Herman, 1967:31)

Fuller (1974:37) supports this point, writing that gambling, rather than exhibiting neurotic tendencies, is a wholly rational pursuit which serves a hegemonizing function: "Gambling is a safety valve in the capitalists' system. By offering apparent potential wealth to a tiny minority, it seduces the mass of the people, and deadens inclinations which they might have toward organized, revolutionary activity. As long as a worker believes that he, individually, has a chance of freeing himself from the oppression of capital,

however remote that chance, he will be less likely to feel class solidarity, or to engage in political activity."

The studies cited in the previous sections, taken together, offer a theory which challenges the definition of gambling as unproductive and irrational behavior. They suggest that there is a basis for legalization arguments in the nature of the gambling behavior itself. This chapter will continue along the line of that argument, and suggest that the ambivalent nature of gambling behavior gave rise to an ambivalent state position toward gambling activity, and provided the opportunity for the development and social integration of illicit, yet commercial, gambling interests.

State Ambivalence in the Criminalization of Gambling

Gambling has been socially sanctioned, in America, since colonial days, when it was first used as a revenue raising mechanism for certain state expenditures. (Fact Research, 1974; Cornell, 1977; Ezell, 1960)

Gambling in America has historically been a matter of some controversy. The first colonists who settled here brought with them different cultural attitudes towards games of chance, attitudes which reflected the class differences and religious preferences of their native countries.

The first anti-gambling law in the colonies was enacted by Massachusetts in 1646. (Cornell, 1977:42) Historians have given either of two interpretations to that ban. In one view, the anti-gambling law is explained to be a prohibition of idleness, and emanated from the fear that idleness would jeopardize the economic

welfare of the individual and the family, as well as fostering neglect of one's calling. The economic impact of idleness is explained by this passage from Dulles:

"It was the paramount need of a primitive pioneer society for the whole-hearted cooperation of the entire community that fastened upon the first Americans a tradition of work. . . . The common welfare in those difficult and perilous days could not permit any 'mispense of time.'"

(Dulles, 1965:5)

The alternative--though not necessarily competing--explanation holds that the Massachusetts anti-gambling law was designed to control disorders in houses of common entertainment, in an attempt to minimize the disruptive influence of the tavern on community life. (Cornell, 1977:46-47) Neither explanation, while it may implicitly suggest a view of the state and morality, is directly concerned with the theological bases for the ban of gambling, and the Puritan conception of state and morality. This conception might be constructed as follows: 1) the sole function of government is to enforce God's will as expressed in the Bible; 2) law and morality are identical: crime is equated with sin; 3) the legitimacy of a government and its law could be established only by the invocation of divine law.

The Puritan minister Cotton Mather espoused this view of law and morality and opposed gambling vigorously. Appeals to chance, he held, usurped God's power and consequently were profane. Therefore, the Puritan citizen should oppose gambling, above all, for theological reasons: it was a violation of God's commandments. "Lots," Mather

explained, "being mentioned in the sacred oracles of Scripture as used only in weighty cases and as an acknowledgement of God sitting in judgment . . . cannot be made the tools and parts of our common sports without, at least, such an appearance of evil as is forbidden in the word of God." (Chafetz, 1960:14)

The Puritan condemnation of gambling reflected certain precepts of the Puritan world view. If hard work was to be the determinant of success, then luck--which represented a reliance upon luck or chance--represented a shortcut to success. Gambling, for Puritans, was antithetical to the notion of a thrifty and industrious middle class. Not only would such a shortcut contradict the work ethic, but it did not invariably lead to success. It was failure--poverty, ruin, a life of want and crime--that was to be guarded against through this condemnation. Gambling, especially when it was connected with tavern life and the other associated vices, would encourage idleness, undermine diligent work habits, and ultimately lead to poverty and other social ills.

The social ills which were believed to accompany games of chance had more than a cumulative effect for the Puritans; instead, they represented the acquisition of a distorted world view of the gambler. By embracing the speculative features of the games of chance, the unwitting victim would find him or herself caught up in a constant hope of success, and ultimately be devastated by an inevitable fall to poverty and disgrace. One Massachusetts judge concurring in an 1806 state decision limiting the practice of gambling, expressed this sentiment when he wrote:

"The practice of gaming, by nourishing a
constant hope of gain excites in the mind an interest

which engrosses the attention, and withdraws the exertions of men from useful pursuits. By pointing out a speedy, though hazardous, mode of accumulating wealth, it produces a contempt for the moderate, but certain profits of sober industry. It perverts the activity of the mind, taints the heart, and depraves the affections. By frequent and great reverses of fortune, it becomes not only the source of great private misery, but suggests constant temptations to fraud, and the perpetration of atrocious crimes." (Cornell, 1977:62)

Another jurist similarly attacked the destructive attributes of the gambling impulse, and portrayed it as the root of many other vices:

"It would consume too much time, and is not my intention, to go into a full discussion of the innumerable evils flowing from the practice of gaming. . . . Let it suffice to observe, generally, that as it springs chiefly from idleness, the fruitful, the inexhaustible source of almost every vice, so it has a natural tendency to produce idleness. It operates as cause and effect, and is at once both parent and offspring. When the heart is once thoroughly possessed of this passion, everything is sacrificed to its gratification. In a mad pursuit, health and constitution are gradually destroyed by irregular hours, and disorderly conduct. Sleepless nights, corroding passions, and a neglect

of business, accompanied with the intemperate use of ardent spirits, soon plunge both the gamester and his family into one common ruin.

(Cornell, 1977:67)

The full-time gambler, rather than fulfilling the demands of the disciplined capitalist system of the colonial and revolutionary eras, represented instead the antithesis of the sober and thrifty citizen. If the only acceptable occupation was one in which the individual contributed a useful service to society through disciplined and hard work, the gambler could hardly be more of an opposite type: portrayed as lazy, undisciplined, and dishonest, he was regarded as a person who gained his wealth through the victimization of others. (Cornell, 1977:69) The full-time gambler was regarded as a parasite and a thief, a point which the gambler-turned-reformer Jonathan Green made when he compared the big time gambler to a highwayman, to a person who ". . . never dreams of living honestly, by filching from the producer that which he procures by honest and persevering toil." (Green, 1857:12, 82)

At the same time as this opposition to gambling existed among the Puritans, and other ascetic Protestant denominations, one form of gambling, did proliferate in the colonies: the lottery. As a supplementary finance mechanism for government, and as a fundraising tool for projects too large for local governments to handle, or for private concerns to finance alone, the lottery was integral to the development of the colonies. Harvard, among other institutions of higher learning, was financed in part by lottery proceeds. The Virginia Company of London, in order to further its colonization of

North America, had benefitted from a lottery chartered by the King of England expressly for its purposes. (Ezell, 1960:41) One report estimates that between 1790 and 1860, 24 of 33 states financed internal improvements by lotteries, with total revenues of \$32 million, as lottery proceeds benefitted 47 colleges, 300 lower schools, and 200 church groups. (Asbury, 1938:77-78) McMaster, writing about widespread utilization of the lottery to raise money for public works projects, describes the scope of these lotteries:

"Whenever a clumsy bridge was to be thrown
across a little stream, a public building enlarged,
a school house built, a street paved, a road repaired,
a manufacturing company to be aided, a church
assisted, or a college treasury replenished, a
lottery bill was passed by the legislature."

(McMaster, 1897:587-588)

Essentially, the lotteries were respectable operations: small, locally managed, and sponsored by disinterested and public-minded citizens who were earnestly concerned with aiding the legislatively-approved beneficiary. In addition, an important distinction was made by colonial residents, which permitted the lottery to escape the wrath of most religious leaders. The authorized lottery was really not considered a form of gambling, and thereby escaped the common objections raised against games of chance. The most common rationalization for lotteries, Spofford explains, was that they were simply an efficient method of voluntary contribution to worthwhile causes:

"Lotteries organized for public projects . . .
were not regarded at all as a kind of gambling; the

most reputable citizens were engaged in these lotteries, either as selected managers or liberal subscribers. It was looked down upon as a kind of voluntary tax for paving the streets, erecting wharves, buildings, etc., with a contingent profitable return for such subscribers as held the lucky numbers." (Cornell, 1977:75)

While some economists such as Adam Smith (1786:83-84), who wrote that, "The world never saw, nor will ever see a perfectly fair lottery," denounced the lottery as an inherently losing venture for the participants, few raised strenuous objections to the odds as long as the lottery was portrayed as a form of voluntary taxation.

This state encouragement of one form of gambling was an early indication that certain elements of American society were willing to make crucial distinctions among the various forms of gambling, and endorse, if only tacitly, the notion of limited gambling as a revenue-raising mechanism. (Ezell, 1960)

Another development reinforced this ambiguity, a pattern which appeared at first in the South, but which describes gambling's treatment generally in the country. Those forms of gambling which had the potential to cause a public nuisance were prohibited; otherwise, the state remained neutral, and the legislature gave certain forms--especially horseracing--its blessing, considering it more a sport than a game of chance. Distinctions, in large part class-based, began to be drawn among the various forms of gambling. For instance, "civilized" poker games played by gentlemen planters were to be distinguished from casino games enjoyed by the masses in taverns and

other public places. While these noisier forms of gambling were considered harmful, other forms were left untouched as important parts of Southern culture. In South Carolina, a blanket ban on casino-type gambling was adopted in 1802, outlawing all gaming in taverns and other public places, and criminalizing the use of gaming tables in public and private. At the same time, however, this act did not threaten the pastimes of the gentlemen planters--poker and horseracing. These forms which were prohibited deserved sanction because of the anti-social consequences they tended to produce among the lower classes--drunkenness, idleness, and the inevitable loss of money by those least able to afford such setbacks. (Cornell, 1977:236-267)

Taken together, the state sanctions of lotteries to raise revenues for public work projects amidst strong religious opposition to other forms and games, and the differentiation between upper class, "gentlemanly" games and lower class, "tavern" games, suggest that official ambivalence toward gambling has existed throughout this country's history. Moreover, it appears that gambling generated condemnation mainly among a certain class--a middle class which adhered to the values of ascetic Protestantism, and subscribed to a work ethic which frowned upon gains acquired through any other means but honest, hard work--while various forms drew their customers from the lower and upper classes.

One might suspect that the intrinsic ambivalence of the gambling enterprise forms the special status of gambling. But it can be shown that the ambivalence generates a state response, which becomes more complicated when organization of gamblers in the late 19th century begins to intertwine with political organization in eastern cities.

This ambivalence doesn't translate into a continuing situation where gambling's contribution is evaluated by competing imperatives. Instead, the ambivalence provided the basis for the development of a gambling industry, predominantly illegal, which took certain organizational and political forms. Once institutionalized, gambling's ambivalence is magnified by ambivalence on the part of the state toward organized criminal activities--a post-prohibition morality as it might be described.

The riverboat gambler--a loner, an itinerant--would no longer represent the organization of the gambling enterprise. Instead, a locally based gambling operation--with strong political ties to ward off raids or other attacks from the state--developed. Contemporary gambling cannot be considered except within this context: the political economy of tolerated vice.

Professionalization and Integration of Gambling Interests

In the second half of the 19th century, gambling thrived in wide open areas and frontier cities of the West, and gained popularity in major urban areas. The professional gambler developed as a recognizable entrepreneur, and gamblers--a category which usually is confusing since it refers to both players and operators--organized, in the face of attacks by moralists and suppression by police.

If any state represented a wide-open or frontier attitude toward gambling during the 1800s, it was Louisiana. (Ezell, 1960:242-270; Asbury, 1938:211-213) The 1806 Territorial Legislative Act, which was directed at professional gamblers, exempted New Orleans from its provisions, and New Orleans subsequently became an open city and a

gambler's paradise. Gambling houses were taxed to produce revenue for the New Orleans Charity Hospital, and gambling promoters in turn could point to the aid to the hospital as justification for the continuation of the New Orleans exemption. The Louisiana Lottery was the most famous of the post-Civil War lotteries when the states once again ventured into the lottery business. It was reported to be the most profitable enterprise in the state, and was estimated at one time to have accounted for nearly half of the post office business in New Orleans, since most of its revenues were derived from sources outside Louisiana.

Gambling seemed to thrive in Louisiana as a result of the cultural attitudes brought to that state by its French Catholic settlers, as an effect of westward expansion, and also because of the emergence of professional gamblers, who followed the steady flow of well-heeled businessmen along the Mississippi River system. The gambling houses which grew up in New Orleans in the 1820s contained only rudimentary facilities for play, and served liquor to their gambling customers. But by the 1850s, the second floors of downtown saloons had become a favorite location for games, and saloon keepers developed close relationships with gamblers, often acting in their behalf as bail bondsmen. (Johnson, 1977:21)

During this same period, the Gold Rush and silver strikes in California and Nevada caused an influx of miners and speculators to those territories in the 1840s and 1850s. (Twain, 1962) Gambling became an integral part of the boomtown atmosphere of the Mother Lode area, and of the Nevada mining towns like Virginia City. The combination saloon-bordello-gambling hall became the main center for recreation

for the thousands of miners and cowboys who were mostly on their own, without families or wives, and for whom the possibility of an evening's whoring, gambling, and drinking made the long day in the saddle or in the mine tolerable.

This same spirit captured the towns of Kansas City, Denver, and San Francisco, which all gained notoriety as gambling capitals during the 1850s. Those anti-gambling laws which were passed proved to be ineffective, and served only to drive the games underground. Once underground, the games were allowed to exist partly through the actions of law enforcement officials who either disagreed with state prohibition attempts, or merely seized the opportunity to extract payoffs from the gambling operators. A licensing-by-fines system existed in the illegal gambling circles to regulate illicit gambling.

In the east, an important development took place during the middle decades of the 19th century: gambling shifted from a profession populated by talented individuals to an activity run on business principles. (Johnson, 1977:18) Between 1840 and 1877, Johnson (1977:18) writes, ". . . gamblers created complex and subtle connections among themselves, their customers, politicians and the police which redefined the context in which law enforcement occurred." By creating conditions that severely restricted the ability of the police to suppress them, gamblers were able not only to assure their own profitability, but at the same time laid the foundations for modern versions of American organized crime. Haller (1979:88) agrees:

"The years from the 1880s to about 1905 may, indeed, have been the period when activities that are often called 'organized crime' had their greatest

impact upon American society. During this period gamblers and vice entrepreneurs generally, exercised an influence on local politics and law enforcement that has seldom been equalled since that time. In many neighborhoods, it was not so much that gambling syndicate influenced local political organization; rather, gambling syndicates were local political organizations, and had, in addition, a broad impact upon other aspects of urban life. . . . To some extent, then, politics and gambling were tied together by common ethnic bonds, as well as common organizational structures. . . . Long before national prohibition and the development of bootlegging, then, there had already been close ties among gambling syndicates, vice activities, politics, sports, and entertainment."

The gambling houses which thrived in New York, Chicago, and other urban areas--particularly the first-class houses which were frequented by members of the upper class--had a subsidiary economic impact on the neighborhoods surrounding them. And because they were major employers, the gambling houses also received public support.

With a large influx of Irish immigrants into the United States, Eastern cities experienced a rise in the public tolerance of gambling. Johnson (1977:23-24) elaborates on this development, describing the nexus of gamblers, police, and politicians which defended gambling from the moral reformers who wanted to stamp it out:

"Individuals who sought their fortune in this particular field had grown up with other Irishmen

who were beginning to climb up the socioeconomic ladder via the police, the courts, and, especially, politics. A combination of friendship and ethnic loyalty provided a social milieu that not only allowed the Irish gambler to prosper, but also enable him to exercise more influence than his itinerant Southern predecessor on his total society. The Irish also introduced a more business like approach to their gambling activities. With some exceptions, Southern Blacklegs lived extravagantly and died poor. Although some Irishmen followed that pattern of behavior, others among them introduced and adopted a more sedate life-style and carefully invested their profits in crime, horses, and politics. These men foreshadowed the twentieth-century criminal businessmen; they were therefore important prototypes for later developments in 'organized crime.'"

The transformation of the gambling community during this period, Johnson explains further, led the gamblers to take advantage of new opportunities. Formerly an occupation practiced by itinerants, gambling now became an important business in American cities. Professional gamblers had previously been relegated to the periphery of society--they were cheaters who drove others to ruin and crime, outcasts, however successful, who lived highly mobile lives. Now, with the rise of the Irish gambler-politician, gamblers were assuming influential positions in their communities. In addition, political

changes contributed to their growing clout. A simultaneous move toward decentralization among police departments fortuitously provided the organizationally strong, politically connected, and enormously wealthy gamblers with an opportunity to protect themselves from the arm of the law. By 1887, gamblers controlled important forms of recreation, were accepted by the general populace, and shared the centers of local economic, social and political power with their friends and allies. (Johnson, 1977; Haller, 1979)

Once it was intact, this connection would be difficult to break. The lesson of the Prohibition "experiment" which sparked the rise of modern American organized crime supports such a contention--because the pattern that Johnson discerns in the 19th century gambling and politics reappears in a more significant way, with the emergence of organized criminal entrepreneurs, particularly bootleggers, in the 1920s--the setting in which modern American gambling was nurtured.

Ineffectiveness of Criminalization Policies

These arguments hold that laws criminalizing gambling are costly and counterproductive, and generate disrespect for the legal order.

Those who claim that unpopular criminal laws--meaning those laws on which public opinion is divided about the harmfulness of the activity--have too many social costs tend to emphasize two major costs of the over-extension of the criminal law (Kadish, 1967; Skolnick, 1968; Allen, 1964).

First, current policies have harmed individuals whose deviation or sickness could be better treated by medically trained professionals than by the criminal justice system and penologists. By making

criminals out of persons who may only have been exercising their choice to participate in a harmful activity, criminalization policies are costly. (Schur, 1965; Lindesmith, 1967)

This argument concedes that the activity may be harmful, but maintains that it is not the proper role for the state to control participation in the activity through provisions of the criminal law. This position depends upon the following conditions for implementation:

- a) existence of an alternative model to handle it.
(Kaplan, 1971) For this argument to take effect, one need only point to the existence of alternative means for society to proceed in handling this activity. For instance, other harmful substances and activities are legally controlled without reliance upon the criminal law;
- b) recognition of the limits of the criminal law. (Packer, 1968) Adopting this policy would recognize that the criminal sanction has limits, boundaries of effectiveness beyond which it is counterproductive to employ the criminal sanction. In the case of tolerated vice, arguments for decriminalization often focus on the illegitimacy or impracticality of attempts by the criminal justice system to handle a problem that is best dealt with by other agencies--medical, public health, or social service;
- c) the willingness of charged authorities to step aside;
- d) this condition is often aided by the fact that

de facto decriminalization or benign prohibition may already exist, and a prudent social policy would determine some manner of extracting social benefits from that situation.

Perhaps more important than the first concern is concern for the effect that enforcement of unpopular laws has on the legitimacy of the legal system and society in general. Such laws generate a general disrespect for the law among those who disagree with the use of the criminal law in areas of personal morality, thereby alienating many individuals. (Kaplan, 1971; Levi, 1973)

Grinspoon's (1977:371) comment is representative: ". . . we must consider the damage inflicted on legal and other institutions when young people react to what they see as a confirmation of their view that those institutions are hypocritical and inequitable. Indeed, the greatest potential for social harm lies in the scarring of so many young people and the reactive, institutional damages that are direct products of present marijuana laws."

Another rationale for legalization could be that a reassessment of the activity might lead to the conclusion that the harm is not as bad as originally believed. This may be based on the appearance of new data which causes old theories to be rejected. For instance, the marijuana-criminality or marijuana use-heroin addiction theories are broken by the spread of marijuana use by middle-class youth and adults. Or this may reflect the recognition by policy-makers of the prevalence of new social mores and the need for readjustment of portions of the criminal law to fit changing mores--barring the emergence of interests sufficiently legitimate, powerful and committed

enough to challenge the contention that the call for "readjustment" is inevitable.

The question of harm set aside, legalization advocates believe they have a stronger argument--that, since historically it has proven impossible for the state to eradicate gambling, any realistic social policy must be based on the fact of gambling's inevitability.

In the face of the ineffectiveness of state policies of criminalization, these advocates propose, prudent alternatives should be embraced. In the case of gambling, several aspects of the gambling law contribute to the difficulty of their enforcement, and support the inevitability argument. (Helsing, 1976) Gambling enforcement engenders corruption; the citizenry do not support these laws; the police do not believe in the propriety of the laws; participants cannot be deterred; courts and prosecutors do not take the laws seriously; evidence is nearly impossible to obtain; organized criminals are sophisticated manipulators of the law enforcement system.

Faced with this dilemma, legalization emerges as a prudent reform, although one that is embraced as a last resort--in the face of failed criminalization policies--similar to one judge's explanation of his rationale for the decriminalization of narcotics.

"People think it's condoning evil when you suggest that we decriminalize narcotics. It's attempting to come to grips with the problem. The problem isn't good or evil: we've created a situation where laws don't work. Our laws are a travesty, and there isn't any hope of their working. You will never stop people from importing and selling heroin." (Newsom, 1978)

Given this rationale, support for gambling legalization policies is generated by a discussion of the possible benefits of legalization. According to this view, if gambling, narcotics, prostitution and pornography were decriminalized or legalized, certain beneficial results would follow: with increased competition and reduced profits, organized crime would be eliminated from participation; widespread corruption of public officials would cease; the resources of the criminal justice system would be freed for a stronger assault on more serious crimes; and that assault would bring to justice the high echelon members of organized crime itself, rather than merely lower-level functionaries. Police reform studies, including the Knapp Commission (1973), regard the elimination of corruption as the most compelling argument in favor of gambling legalization.

The Fund for the City of New York (1972:19) also supported this position in a report on gambling legalization: "The best case for legalizing any form of gambling rests on its potential effect on organized crime and official corruption. The social and law enforcement impact of widespread government-sponsored gambling is not necessarily outweighed by the money it might generate for public use. But if legal gambling can help to eliminate other, more serious and intractable evils, a good argument might be made for it apart from any revenue considerations."

There is another variation of this argument, which appears only in New York among the case studies. This argument asserts that the state should pursue legalization policies of revenue generation and economic development even in the face of organized criminal involvement in legal forms of gambling, and with the realization that legalization will

generate more gambling, in both legal and illegal forms. Hamill (1975:9) exemplifies this position when he writes, "It's time for us to start skimming the mob . . . there is no foolproof way to keep the hoodlums out of the revived action in New York, but they control all gambling in New York right now and we cannot tax them. The mob would probably control the tablecloths, linen, garbage collection, food supplies in a wide-open gambling town, but they would have to do so through companies that would pay at least some taxes."

Impetus for Legalization: Resolution of Fiscal Crisis

Given this sentiment about the inevitability of gambling, and the historical support for the utilization of certain forms of gambling as alternative methods of taxation, it is not surprising to find that the major argument advanced by legalization proponents concerns the use of legalization as a remedy for the fiscal crisis experienced by several states and municipalities in the mid to late 1970s. This cuts across a number of games in several states.

The worst economic crisis of American capitalism since World War II appeared in 1974, characterized by the simultaneous spread of economic stagnation, unemployment, and inflationary pressure. (Wolfe, 1980; Castells, 1980; Weisskopf, 1981; URPE, 1978) The ordering of the international political economy around a hegemonic American power, which had existed from the end of World War II until the early 1970s, was shattered. (Hawley and Noble, 1980; Block, 1977) Economic relations collapsed, rivalries among the leading capitalist nations, and between them and the peripheral nations increased, signalling the disordering of the world system.

During the 1970s, the value of the dollar was depreciated by 40%, and the United States lost 23% of its share of the world market--the two factors combined making American exports cheaper and foreign imports more expensive. The price of energy, once a stable and cheap resource, increased drastically as oil producing countries organized and exerted their power over consuming countries.

At the same time, American productivity fell to a post-war low of .7% increase between 1973 and 1979. Overall economic growth slipped from a 4.1% increase in the 1960s to 2.9% in the 1970s. Major American industries faltered--the automobile industry providing the best example--and were criticized for failing to devise long-range solutions to serious economic problems. (Nussbaum, 1980)

These changes in American life were felt--though not widely or immediately articulated--throughout the society. They had to be, since the decline was so certain and so measurable. The American standard of living, which ranked first as recently as 1972, now ranks only fifth in the world. In 1979, for the first time in history, the American inflation rate was higher than the average of all industrial countries. By 1978, according to pollsters, an unprecedented occurrence had taken place: Americans believed that the future--their children's lives--would be worse than the present. (Yankelovich, 1980)

Social scientists have suggested that the effect of these economic crises on American values has been enormous, and convoluted. Some argue that, in the mid 1970s a psychology of affluence began to replace a psychology of scarcity which had been the product of the Great Depression--at the very same time as the production capacity of the U.S. economic system, which had engendered this psychology of affluence,

began to falter. At the same time, the economic insecurity wrought by inflation and stagnation caused Americans--as workers and as consumers--to fear for their future prosperity, a part of the American dream that had gone unquestioned during times of an expanding economy.

One effect of these events identified by social scientists was the rejection of that complex of values, emphasizing thrift and hard work, which had epitomized the Depression-era worker. One sociologist explained the psychology in inflation this way: "There's resentment--by people who have been taught to conserve--of a new generation that is acting as if they want to consume everything in sight. Virtue has lost out, while the here-and-now orientation wins . . . Everybody preaches conservation, but inflation encourages throwing things away." (Liebow, 1980)

One clear example of this skepticism--maybe a microcosm of the insecurity of the economy--about the future is the growing problem with the social security program. Young workers fear that they won't receive, four decades from now, what they deserve in terms of social security payments, insurance policies and pensions. Consequently, their resentment toward the increasing social security contributions held out of their paycheck has fueled attempts to cut back the present social security system--a change once considered unthinkable.

Not surprisingly, the 1970s were also described by social critics as the decade of hedonism and narcissism, although one might wonder whether this would be attributable to the impact of inflation or that of affluence. The onslaught of therapies and self-help philosophies directed at the egos of affluent Americans prompted Tom Wolfe to call the 1970s the "me decade" (Wolfe, 1979), while a leading sociologist

characterized the dominant personality type as a "cynical privatist." (Bellah, 1976) In both analyses, the social critics were apparently describing the incredible speed with which Americans were turning toward private solutions to public problems. (Lasch, 1978)

What were these public problems? As indicated before, the hegemony of the American economic and political power was being eroded, in a manner which caused detrimental effects upon American productivity and economic competitiveness. For at least two decades--long enough for prosperity to have been taken for granted--the American economy had enjoyed steady growth, and the majority of American workers and consumers had shared in that prosperity. But as growth declined--as productivity fell, the cost of foreign resources rose, the balance of payment deteriorated, and the dollar was depreciated--the American crisis deepened, and the American economy slowed.

Capitalism is expansive. If it is to survive, it must continue to grow. If it is to grow, it must bring its methods of production and organization into new areas, thereby creating new markets. Over the past 30 years, that growth has been aided by the actions of an interventionist state, which has become the center of the process of accumulation and realization in advanced capitalism. With one-third of the American labor force either directly employed by the state, or dependent for employment upon public expenditures, it is clear as Castells (1980:130) observes, that the state ". . . plays a decisive role in the U.S. economy, sustaining capital accumulation, providing services, creating markets, and absorbing surplus population into public employment." However, as state resources declined and state expenditures increased in the last decade, the American government

increased the public debt and increased the money supply without a corresponding increase in the actual levels of production. This structural gap--between the socialization of costs and the privatization of profits--is considered the major cause of the fiscal crisis of the state. (O'Connor, 1973)

One obvious method of resolving the fiscal crisis of the state--the use of taxation--has limits. Collecting taxes on corporate profits defeats the purpose of increasing the rate of profit in order to make the capitalist economy more dynamic. Collecting taxes on personal income reduces demand and can provide social unrest in the form of tax revolt movements.

During the period in which this study takes place, 38 states followed the tax relief lead of California--which had passed its tax relief measure, Proposition 13, in June 1978. And in those states where the legalization of casino gambling was placed on the ballot, it was promoted as a tax relief and economic development measure. In addition, if one believes estimates that the underground economy--that sector which is not incorporated into the mainstream economy, and is estimated by some economists at over \$200 billion, or nearly 10% of the GNP--(Cuttman, 1977; Ross, 1978) and the economic problems listed above, we might not be surprised to find that legalization of gambling or other "underworld" or underground activities is proposed as a resolution for the fiscal crisis of the state. The incorporation of elements of the illicit underground economy, through the legalization of casino gambling, can be a solution to both of the enduring crises of the state--those of legitimation and accumulation. It solves accumulation problems by stimulating certain sectors of the legitimate

economy--such as tourism--while easing the crisis of legitimation, which would be fed by taxpayer unrest. Additionally, the state, through a benevolent liberalization of laws regulating personal conduct, can, in time of economic and political crisis:

- 1) portray itself as reasonable, tolerant, and responsive to pluralistic demands, and
- 2) expand leisure time activities for those for whom work and family life have become purposeless and frustrating. In this way, the encouragement of widespread legal gambling offers a relief valve for those pent-up frustrations which can build up in the home and workplace.

By 1976, when New Jersey voters approved the legalization of casino gambling, the rising cost of government, accompanied by property tax increases, there was a societal recognition of new social realities, changes which demanded new and innovative solutions--within the confines of fiscal conservatism.

"Sixty-nine percent of those responding to a poll conducted for the Commission on the Review of the National Policy Toward Gambling cited 'more jobs for people' as the most important consequence of casino legalization. Sixty-six percent cited 'more money to run government.'" (Commission on the Review, 1976:72)

It is ironic that the coerciveness of the state in areas of morality is limited not by principled opposition to specific policies, but rather

by the unwillingness of legislators to spend taxpayers' money. "It is an odd but perhaps accurate conclusion," Rothman (1978:81) writes, "to note that the dependent and deviant may owe what freedom they have more to the fiscal conservatism of elected officials than to the benevolent motives of reformers." In the case of gambling legalization, it is crucial to note that legalization is never presented as a remedy for problem gamblers--as a solution to a social problem--but instead is recommended as a revenue-raising plan. It is, ironically, a solution to the decline in belief in the legitimacy of certain social institutions which Bell (1976) proposes accompanies fiscal uncertainty. Individuals can indulge private vices, and the tax on these activities can support essential state services.

Constraints on Legalization: The Integration of Organized Criminal Interests

The preceding sections implied that a tension persists between two purposes of legalization: social purposes, such as undoing social harms caused by ill-advised criminalization or the reduction of organized crime presence through establishment of competing legal entities; and economic development purposes, expressly designed for the generation of revenues and increases in employment and tourism.

If the state legalizes gambling with the former goal--if it makes a determination that the purpose of legalization is to deprive organized crime of their gambling profits rather than to raise revenue--then gambling would be legalized for the express purpose of competing with organized criminal operations.

The possibility is raised by legalization opponents that, once legalized--particularly in a case where revenue generation goals outweigh the desire to drive organized crime out of business--the formerly illegal activities and their proprietors will gain legitimacy, thereby integrating harmful economic interests into the legitimate economy and political system without a debate over the consequences of such an act. This is pointed out by Gusfield (1967:181-182) in his discussion of the wariness of Whyte's (1943) "Cornerville" residents toward legalization:

"The threat to the middle class in the increased political power of Cornerville is not that the Cornerville resident will gamble more; he already does gamble with great frequency. The threat is that the law will come to accept the morality of gambling and treat it as a legitimate business. If this happens, Boston is no longer a city dominated by middle-class Yankees but becomes one dominated by lower-class immigrants, as many think has actually happened in Boston. The maintenance of a norm which defines gambling as deviant behavior thus symbolizes the maintenance of Yankee social and political superiority. Its disappearance as a public commitment would symbolize the loss of that superiority."

This point of opposition is expressed by a number of different presumptions about the relationship between gambling, organized crime,

and the corruption of public officials.

First, the intrinsic qualities of gambling attract the criminal element, and gambling establishments have traditionally been havens for criminals. To attack organized crime, it follows, one should eliminate the places where organized criminals can gather. One early 20th century foe of gambling advocated just this: "Just as yellow fever was successfully attacked by draining the swamps and morasses where it bred, so the attack on crime is, in part, at least, a matter of eliminating its breeding places . . . gambling and pool-selling places." (Fosdick, 1920:357)

Next, illegal gambling is the largest source of revenue for organized criminal syndicates, and proceeds from gambling enterprises are used to finance other, more harmful activities, such as narcotic importation and distribution. (Helsing, 1976:7) Finally, no single criminal activity has been more responsible for corruption of public officials than gambling. (Drzazga, 1963:73)

Most proposals to legalize gambling are advanced as a means of raising added revenue, with the promise that, through a licensing system, organized crime participation will be controlled. Such an arrangement would hypothetically eliminate widespread official corruption, since gamblers would pay license fees and taxes as revenues to the state instead of bribing public officials.

According to those who have studied regulation of these activities in a legal setting, such a view is optimistic. The history of legal casino gambling is cited by legalization opponents to indicate the inability of authorities to prevent organized criminals from manipulating legal gambling enterprises. (Skolnick, 1978; Skolnick

and Dombrink, 1981) This is Peterson's argument: "Legalized gambling has always been attractive to the criminal and racketeering elements. The migration of many of the nation's biggest racketeers to Nevada, where gambling is legal, is the logical and inevitable result of legalization schemes. . . . This result is inevitable in connection with the gambling business which has always been controlled by the underworld." (Peterson, 1951:116, 120)

Having enumerated the arguments against gambling as a harmful activity, and having demonstrated the ambivalence of state positions toward gambling, this thesis will turn, in the next two chapters, to what has historically been identified as the most important reason for the criminalization of gambling: that it has been operated commercially, both in legal and illegal settings, by "disreputable" operators in general, and organized criminals in particular. Therefore, any discussion of the destigmatization of gambling operators, and the legalization of gambling activities considered to be most associated with organized criminals, must take into account how exactly it is possible for society to reevaluate the danger and possible contributions of the organized criminal entrepreneur. (Kallich, 1976)

This thesis proposes the following hypothesis: the stigma attached to gambling in American society does not attach to the individuals who gamble, but rather to the operators of gambling establishments. This is due to the historic involvement of organized criminals in both illegal and legal gambling. Moreover, the most important variable in the legalization of casino gambling is that of organized crime involvement--itself an elusive concept (Jester, 1974)--and the success or failure of campaigns on either side of the legalization debate depends on their ability to: in the case of the opponents,

make organized crime involvement in the legal casino industry an overriding issue, and portray it as a certain cost; or, in the case of legalization proponents, to minimize its importance, and downplay its inevitability.

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CHAPTER 3

CRIMINAL CAPITAL: SOURCES OF NORMALIZATION
AND STIGMATIZATION OF ORGANIZED CRIME

"The capital of the illegal enterprise has no legal title as property. Capital that is not legal property is a contradiction that sets very definite limits to its function as capital and which restricts the economic freedom of the illegal enterprise. The accumulation of capital in such enterprises is limited by their necessarily clandestine character, and this restriction enforces the conversion of such accumulated capital into strictly legal enterprises and the employment of various subterfuges to convert it into legal property."

- (Hirst, 1972:52-53)

"Criminologists have pointed to a simple relationship between organized crime and the legitimate sectors of society in which syndicated criminals cater to the illicit appetites of the legitimate sector but, nevertheless, remain apart from it. It has become evident, however, that a more complex interrelationship between these two segments of society exists. The criminal sector appears to be directing more and more of its efforts toward legitimate ends. This would appear to be a radical change in the character of organized criminal activity."

- (Jester, 1974:19)

Various sociological explanations have been proposed to account for the prevalence of organized crime in a society which proclaims to clamor for its extinction. (Sykes, 1978) Much of the debate within the sociological and criminological literature focuses on the role of the organization of criminal syndicates in achieving security, profit, and untouchability. A "law enforcement" perspective emphasizes the role of secrecy, violence, and national organization in organized criminal expansion and entrenchment. This perspective, termed by one

sociologist the evolutionary-centralization school (Albini, 1971) proposes that American criminal syndicates represent the evolution of an organization which had its roots in Sicily. Once established in the United States, it evolved into a national association with a centralized structure. The structure consists of a ruling body, which directs the activities of the subdivisions and families, which are in turn responsible to the central national council.

Cressey (1969), a representative theorist of this perspective, describes criminal syndicates in the language of formal organizations: they are deliberately designed and constructed to achieve specific goals, and are similar to business or governmental bureaucracies. Cressey believes that American criminal syndicates are organized in a distinctive way that distinguishes them from other organizations of criminals: the arrangement of roles in which authority is hierarchically determined; the delegation of tasks in terms of a division of labor; the clear delineation of channels of communication; official rules of operation and procedure; and the greatest authority in the highest echelons of structure.

Cressey's theory corresponds to what can be called a bureaucratic model: the Cosa Nostra is a formal organization, marked by a hierarchy of integrated positions arranged along a division of labor, with clear patterns of authority and centralized leadership, with formalized methods of recruitment, training, and social control.

More specifically, he claims that: a nationwide alliance of at least 24 tightly knit "families" exists in the United States; the members of these families are all Italians and Sicilians or of Italian and Sicilian descent; the families are linked to one another,

and to non-Cosa Nostra syndicates, by agreements or treaties, and common deference to a commission made up of the leaders of the more powerful families; the members of this system control most of the illegal gambling in the United States, are the principal loan sharks and narcotics dealers, and have a virtual monopoly on certain legitimate businesses.

A second perspective which Albin (1971) terms "developmental-associational" minimizes the importance of organization and national coordination, and suggests that familiar features are more crucial, and that organized criminal "families" are able to withstand attempts to expropriate their assets or imprison their members because of the strength of their kinship ties within small, locally based organizations. This perspective views the origin and development of syndicated crime in the United States as emerging from social conditions and factors within American society, a development which was not uniform but varied in time and place. This perspective views the contemporary structure of syndicated crime not as one national, centrally organized syndicate, but as many syndicates which may or may not cooperate with one another.

In addition, this second approach holds that syndicated crime functions through direct payoffs, through a patron-client relationship with the political machine.

Ianni, beginning with A Family Business (1972), his participant observation study of an Italian crime family, rejects Cressey's highly rational and bureaucratic organizational concept, for a description of criminal syndicates as traditional social systems, quite similar to those of Italian-American kinship structures. On the basis of his

research, Ianni believes that organized crime groups are far less formal and bureaucratic than has been suggested by Cressey and government reports. He views Italian-American crime families as a form of social organization patterned by tradition and responsive to culture. "We see the relationships within secret societies such as the Mafia," he writes; "as being much like kinship and much unlike the relationships within a formal organization." (1972:10)

These families, Ianni explains, are not formal organizations like businesses or government agencies. They are not rationally structured into statuses and functions in order to maximize profits and carry out tasks efficiently. "Rather," he states, "they are traditional social systems: organized by action and by cultural values which have nothing to do with modern bureaucratic virtues." (Ianni, 1972:108)

According to Ianni, leadership positions are allotted for family standing and by tradition, rather than because of a person's intelligence or expertise. The emphasis is on mutual trust, and members are bound together by a close interpersonal network, in relationships founded upon ties formed in their earlier associations.

A third perspective, represented by the economist Schelling (1971), emphasizes the entrepreneurial features of the organized criminal, and explains the wealth and power of the organized criminal group as a result of certain economic and political strategies and arrangements--the importance of monopolized markets, the use of violence, and the arrangement of protection.

By their nature, each of the perspectives promotes a vision of the prototypical organized criminal to lend credence to that particular perspective. The ruthless, autocratic, foreign-born gangster

represents the elements in the evolutionary-centralization perspective, giving support to the notion that an alien economic and political criminal form has taken root in American society. The second perspective locates the development of organized crime in an historically specific structural strain in the American social structure. Organized crime is described as an adjustive response to a society which demands conformity to goals of achievement and wealth, but which denies access to lower-class citizens in the attainment of those goals. (Bell, 1962; Merton, 1957) Thus in the latter two perspectives, we find the characteristic gangster to resemble his contemporary young entrepreneur counterpart with certain deviations--particularly in the willingness to use violence--demanded by his location in an illegal business setting.

In this chapter, a fourth perspective will be proposed. This view argues that the image of the organized criminal entrepreneur as a stigmatized, socially dangerous actor is, after the pursuit of profit, his most important concern. Moreover, like a legitimate businessman, the organized criminal entrepreneur wishes to conduct business with the least amount of government interference and regulation, and therefore will structure his business dealings in such a way as to secure his enterprise. Because the power of the state to regulate illegal business resides in the criminal justice agencies, attempts by organized criminals to achieve non-intervention have traditionally taken the form of corruption of public officials, to ensure the non-enforcement of certain laws directed at organized criminals. At the same time, the organized criminal entrepreneur's concern with his respectability as a social actor has been paramount. Even before

Prohibition was repealed, in fact before the wave of gangster films burned the image of the vital and daring anti-social gangster hero into the American psyche in the 1930s, leading organized criminal entrepreneurs were preparing the way for the transformation of their enterprises into secure positions. The strategies which evolved during the three decades following Prohibition--strategies emphasizing diversification into legitimate and marginal industries--were aimed at increasing the security of the organized criminal enterprise by increasing the economic, political and social respectability of the organized criminal entrepreneur.

It might follow that the respectability to be achieved by these actors, who many considered anti-social criminals, would be illusory--that their "real" selves would remain, only to be submerged in inter-action for the duration of a bribery-arranged meeting between underworld and upperworld. This chapter will present evidence to the contrary, and argue that the crucial respectability-enhancing event in the perspective presented here is the transformation of the organized criminal from "racketeer" to economic criminal, of the achievement of a certain level of respectability--or at least non-imputation of deviance or criminality--which gives security to the organized criminal enterprise. Further, this perspective argues that when the key definitional attributes of the classic organized criminal--engaging in the provision of illegal goods and services, and the willingness and propensity to use violence--recede, as they do when the key activities are more easily defined as white-collar crime, that the organized criminal, by standard definition, disappears. Those who have been so designated in the past may retain some of the stigma of

that past labelling. Those who can be shown to be functionaries or employees of designated organized criminal syndicates can still be successfully identified as organized criminals.

The more puzzling and illuminating entrepreneurs are those whose major definition by political and economic forces in society (with the exception of law enforcement agencies) is not as organized criminals, but as businessmen, who may be alleged to have underworld "ties" or "associations." This perspective considers the interaction between those individuals (often referred to as "front men") and those corporations (whether referred to as "mob-controlled," "with its roots in organized crime," or "dummy" corporations) and "upperworld" political and economic actors to be the basis for the destigmatization and redefinition of the organized criminal entrepreneur, and, by extension, certain elements of the organized criminal enterprise.

One important goal of the organized criminal entrepreneur--to achieve respectability, profit, and security with a minimum of non-interference--can best be achieved by a defusion of the organized criminal image. To determine the validity of this proposition, it is necessary to examine one arena where the "respectable" organized criminal entrepreneur, the legitimate businessmen, and influential politicians interact. The legal casino industry is one example of such a meeting.

Before we proceed with the example of legal casinos it is necessary to set forth the components of this fourth, or "outlaw capitalist" perspective: a portrait of the gangster as a social actor; the relationship between organized crime and the state; the benefits for the organized criminal in diversification into legitimate

enterprise; the methods of rationalization for upperworld actors to enter into relationships with organized criminals.

The prevailing law enforcement perspective on organized crime emphasizes five components which together form a portrait of the organized criminal: gangsters espoused values which were antithetical to those of the larger society; organized crime was brought to this country by immigrants, and was spread, almost virus-like, after their arrival; gangsters succeed by perpetrating violence, frightening subordinates and intimidating elected officials (these are the important Mafioso qualities); gangsters fear the power of the state, which can eradicate them or expropriate their assets; gangsters are at odds with legitimate economic interests, they thrive on violence, and they are fated to die a violent death.

If the prevailing perspective of organized crime was correct, then any support for legalization of organized criminal controlled industries would take a position like the following: we've got organized crime, whether we like it or not, and, in the face of an inability to eradicate it, we might as well devise some means of taxing it, and deriving some social benefits. Certain triggering events might prompt such a response--devastating financial crisis, widespread political scandal, morale problems in law enforcement circles. But this study makes it clear that the legalization of casino gambling does not proceed in such a manner.

Proponents of casino legalization instead try to defuse the organized crime question, and their campaign success can be attributed to the fact that the 1980s gangster does not resemble his 1930s predecessor. Many of the characteristics which were previously

attributed to the gangster have changed, as a result of the changes in the accumulation process of the organized criminal enterprise. No longer is rampant violence a key defining characteristic of the organized criminal enterprise. Rather, it reflected an earlier stage, when there was violent competition to capture valuable shares of the illegal alcoholic beverage market. No longer are the ranks of the membership and leadership of organized criminal syndicates drawn exclusively from the lower class and the foreign-born. No longer are the major actors in the underworld economy those with criminal records. In the fifty years from the repeal of Prohibition to the present, there has been a slow but steady transformation of the organized criminal from bootlegger to the economic criminal. This transformation has had several effects: it protected organized criminal holdings from appropriation; it made it less difficult for those involved to avoid detection, punishment, and, perhaps more importantly, labelling as criminal; it made it easier for legitimate businessmen to conduct business dealings without the fear of inheriting the stigma associated with the organized criminal; it enhanced the legitimacy of the organized criminal entrepreneur.

This thesis proposes that the organized criminal entrepreneur can survive, even when his activities are illegal, precisely because the values he espouses are often in concert with those of the larger society, and because, based on this convergence of values, he is able to enter into business and political arrangements with upperworld interests, and derive security from those relationships. This is best explained if one considers the organized criminal an outlaw businessman, an entrepreneur who operates under different constraints

than legitimate businessmen, but nonetheless considers himself a businessman, and a legitimate economic and political force. The establishment of this outlaw capitalist perspective calls into question the five components of the law enforcement perspective, and demands a competing definition of the organized criminal. The following are the components of that definition: organized criminal enterprises provided an important route of upward mobility for lower-class immigrants, and the gangsters personified classic entrepreneurial qualities; the rapid growth of organized crime in America was due to the opportunity provided for young criminal entrepreneurs during Prohibition, when the state enforcement officials were ineffective in enforcing largely unpopular laws; the crucial Mafioso quality is not the willingness to use violence, but the ability to avoid conviction by the state legal machinery after using violence, and the ability to garner respect of the lower-class community after such an act of avoidance--establishing an untouchable, competing economic and political institution; organized criminals are able to operate in the presence of a strong state apparatus, which they approach as power brokers, with protection from the state, and a recognition of the interdependence between the upperworld and the underworld; organized criminal interests were diversified, beginning fifty years ago, into legitimate and marginal industries, such as liquor industry and legal casinos. Accompanied by the concentration by organized criminal entrepreneurs on business-like behavior, this diversification has contributed to a blurring of the organized criminal designation. As the racketeer of old becomes a contemporary economic criminal, he is afforded the benefits of the high-resource violator, like the white-

collar criminal, which accounts for his increased untouchability by the legal system.

This chapter will now present two important components of the outlaw capitalist perspective. Together, the two explain how the normalization of the organized criminal entrepreneur is possible, and why it is problematic: the business side of the organized criminal, and the pursuit of respectability, security, and increased profits through diversification into legitimate and marginal enterprises; the basis for a relationship between organized criminals and the state apparatus.

The Rise of the Businessman-Gangster

The American gangster is a paradoxical figure. At the same time that he embodies unimaginable evil and coldblooded ruthlessness, he represents the fulfillment of the American dream, as the immigrant who succeeds through dedication and hard work. He is the tough guy, in open rebellion against American society, yet achieving at the same time many of the goals--power, money, fame, and status--held out by American society as symbols of success. The gangster is a rugged individualist, an aggressive entrepreneur. (Gabree, 1973:13)

The experience of the gangster as a form of art is universal to Americans. "There is almost nothing," Warshow writes, "we understand better or react to more readily or with a quicker intelligence." (1962:130) In the turbulent 1920s and 1930s, the gangster was the quintessential urban character in fiction and film. Like his counterpart the cowboy, the gangster is basically individualistic in a society which demands conformity to traditions and rules. He is his

own man: he lives by a code, but it is his code, and supercedes that of legitimate society. He is everything an American hero should be: handsome, stylish, daring, generous, intelligent and resourceful. As a hero of the Depression years, he evokes past forms of American achievement, upholding some of our country's most revered myths about individual success. One reviewer of the 1972 film The Godfather called the featured Corleone family ". . . the mid-20th century equivalent of the oil and lumber and railroad barons of the 19th century America." Had Rico, the hero of the classic gangster film, Little Caesar, been alive in the 1870s, Bergman writes, he would have ". . . cornered wheat, built railroads, cheated farmers on freight rates, paid off legislators, and thereby achieved a 'legitimate' success." (1971:9) However, with the few possibilities for upward mobility among lower-class immigrants in the early decades of the 20th century, many who desired success were forced to turn to illicit enterprises.

Organized Crime and Upward Mobility

In the classic American gangster movies--produced in the 1930s in a country convinced of the bankruptcy of Prohibition laws and experiencing the financial woes of the Great Depression--Edward G. Robinson's "Rico" (Little Caesar, 1930), Paul Muni's "Tony Camonte" (Scarface, 1932), and Jimmy Cagney's "Tommy Powers" (The Public Enemy, 1931) emerged as perverse incarnations of the Horatio Alger hero. "That only gangsters could make upward mobility believable," Bergman writes, "tells much about how legitimate institutions had failed--but that mobility was still at the core of what Americans held to be the

American dream. Both the bleakness and determined faith of the early thirties are illumined." (1971:7)

Sociological analyses of organized crime have concentrated on the functions organized crime performs for society, and explained organized crime as the disjuncture between culturally sanctioned goals and socially disapproved means. Caught between the cultural goals of success and wealth, and the few legitimate opportunities to achieve that success, the gangster adopts illegitimate means to pursue success in American society. The clash between idealized goals and class-restricted means leads to higher rates of criminal activity among the lower class, as an adjustive response to structurally induced strain. Merton explains: "Despite our persisting open-class ideology, advance toward the success-goal is relatively rare and notably difficult for those armed with little formal education and few economic resources. The dominant pressure leads toward the gradual attenuation of legitimate, but by and large ineffectual strivings, and the increasing use of illegitimate, but more or less effective, expedients." (1957:78)

The illegitimate expedients, Merton adds, do not refer to only organized criminality, but also include the corrupt political machine. Both ". . . represent the triumph of a moral intelligence over morally prescribed 'failure' when the channels of vertical mobility are closed or narrowed in a society which places a high premium on economic affluence (power) and social ascent for all its members." (1957:78)

Whyte echoes this when he describes the integral part organized crime and corrupt political organizations play in the social, political and economic life of the slum: politics and the rackets

have furnished an important means of social mobility for individuals, who, because of ethnic background and low class position, are blocked from advancement in the "respectable" channels. Organized crime served as a "queer ladder" of social mobility for the lower class. (Whyte, 1943:39)

By examining this strain between the gangster's attachment to goals promoted by the society--the pursuit of profit, the acquisition of power--and his simultaneous rejection of societal norms which forbid murder and extortion in the pursuit of success, we can begin to appreciate the unique role that organized criminal interests played in the American economy.

The early decades of the 20th century were a time of massive immigration into America. Word of a country where hard work was rewarded by just wages spread to the overpopulated cities and impoverished rural areas of Europe. Masses of people poured into America's Eastern cities, only to find that existing social and political institutions were inadequate to help them. Lost in this new world, these new urban residents came under the domination of political bosses, who were able to provide simple social services. Newly arrived immigrants were given assistance in finding jobs, housing and medical attention.

Not all immigrants, especially the young, were ready to be thrown in with the political bosses, especially those of other ethnic backgrounds. Increasingly, these young rebels, understanding the hypocrisy of the political machines, recognized the regularity with which laws were bent to accommodate the wealthy and powerful. Gangs proliferated, usually organized among neighborhood and ethnic lines.

While they were a striking phenomenon, the young immigrant gangs were not new to American society. Asbury (1938) found similar underworld elements in Chicago in the 1830s. Albini (1971) finds reference to extortion and other terrorist tactics in descriptions of New York in the 1860s, and it is recognized that Chinese "tongs" provided illegal services and protection rackets in San Francisco at the turn of the 20th century. What was new was the addition of a more lucrative activity than protection rackets--the production and distribution of alcoholic beverages which had been prohibited by the Volstead Act in 1919.

It can safely be argued that Prohibition set the moral, economic, and political stage for the emergence of organized crime on a large scale in American society. The Volstead Act, which in 1919 restricted the sale and consumption of alcoholic beverages, provided the young, undercapitalized and ambitious gangs with a new and rich market. Fitting almost naturally into the nation's capitalist tradition of commercial enterprise--in fact, drawing on two simultaneous drives for vice and profit--the bootlegging engendered by the Volstead Act opened the way for full flowering of entrepreneurial crime, under the guidance of ambitious young gangsters.

Several factors in American society converged to prompt this prospering of entrepreneurial crime. The success of the bootleggers was due in large part to the unpopularity and unenforceability of the Prohibition laws. The desire for alcoholic beverages among the public, resistance to government interference in spheres of morality, and the lure of the profit motive, combined to produce a breeding ground for organized criminal activity. (Sinclair, 1962)

The low capital outlay required to become a minor bootlegger and the potential for high financial return were strong inducements for formerly law-abiding citizens, as well as the gangsters, to get into the bootlegging business. (Nelli, 1976) Prohibition opened up a new criminal occupation with less risk of punishment, with more certainty of gain, and with less social stigma than the usual forms of crime, like robbery, burglary and larceny. (Landesco, 1929) The early 1920s were a period of intense competition among criminal entrepreneurs attracted by Prohibition's economic opportunities. "Everyone" seemed to be breaking the law, and the gangster was seen as performing a public service. Minor bootlegging and distillery became a source of added income for working class families, in this way intertwining in a distribution and production network operators and consumers. Since the unenforceability of the Prohibition laws encouraged widespread flaunting of the Volstead Act, police officers were inspired to "look the other way" when confronting otherwise law-abiding citizens, who might be cooking mash in their backyards for the production of alcohol.

Criminals could speak of their value to society and the business world because bootlegging provided a service that Americans wanted. Al Capone is reported to have said: "Prohibition is a business . . . Whatever else they may say, my booze has been good and my games have been on the square. Public service is my motto. I've always regarded it as a public benefaction if people were given decent liquor and square games."

As the power and wealth of the criminal entrepreneurs began to spread during Prohibition, leaders emerged in the underworld who were

able to grasp the changing character of the American economy, and were able to conceive of organized crime's role in the society. With the development of new forms of illegal business, new leaders were necessary who would not be "gang" leaders, but businessmen who could be trusted by gangsters, legitimate businessmen, and politicians alike. The growing business environment of American society, and the dependence of the criminal side on upperworld-underworld cooperation forged a new type of leader, a man who, as one account expressed it, ". . . understood money and how to get it and how to use it; who knew the value and uses of graft and the bribe; who was in all respects amoral, not shy of using muscle when needed, but who yet had a suave and polished front." One journalist observed:

"The new (underworld) leaders are anxious to have the world think of them not as racketeers but as real businessmen . . . they bitterly resent the term 'gangster' and never refer to their strong-arm workers as a 'gang.' They use, instead, the ambiguous term 'organization.'" (Berger, 1935)

Arnold Rothstein was such a man. A genius in the world of gambling and loansharking, Rothstein was the millionaire gambler and political fixer who was the model for Meyer Wolfsheim in The Great Gatsby. (Fitzgerald, 1925) Rothstein made bookmaking into a big business by becoming the bookmaker for bookmakers: as the biggest receiver of layoff bets, he created a new form of illegal business enterprise in the gambling field. Nicknamed "The Brain," he was rumored to have been the force behind the fixing of the 1919 World Series. His world travels as a wealthy gambler gave Rothstein contacts with legitimate

liquor producers in other countries, and made him a formidable bootlegger.

Rothstein's importance in the expansion of organized crime was more than a result of his empire's wealth and power. Although he was killed in a card game in 1928, at the age of 46, Rothstein looms as the first important organized criminal figure in 20th century America because of the approach to illegal business that he popularized, and because he served as a mentor to several of the most important underworld leaders of the following decades.

Unlike most underworld leaders of his time, Rothstein broke free of the traditional ties and suspicions that constrained the others, and he utilized anyone who could be of help to him. He was impressed by intelligence, creativity and ambition, not ethnicity or religion. He was an equal opportunity employer in an era when gangs were organized along ethnic lines.

From the accounts of Rothstein's career, we learn how he lectured his understudies on the need for organization and cooperation, as the philosophy that must accompany the maintenance of a strong and growing organization. In organization, he argued, could be found the strength to attain goals too awesome for the individual. Copy the methods and style of big business, he told his associates. Be judicious in personnel selection, utilize the expertise of specialists. Departmentalize, diversify, be prudent--but above all, create a good image. (Hammer, 1975:101) In this way, Rothstein encouraged the development of new practices that would routinize illegal enterprises in the era of post-prohibition expansion. Rothstein, his biographer wrote, ". . . led crime into the business era. He had shaped it so it could survive in

the new age." (Katcher, 1958:351) Lansky reported an early meeting with Rothstein, at which Rothstein taught him some valuable business lessons--especially regarding the quality of their merchandise and the status of their clientele: ". . . I want to lay down an important principle," Lansky reports Rothstein as saying.

"We must maintain a reputation for having only the very best whiskey. In my opinion, we should sell the whiskey as it reaches us--in the original bottles, unadulterated and untouched. This way you'll reach a discerning clientele who will come and seek you out for more supplies. You'll be known as reputable merchants, for nobody really considers selling bootleg whiskey illegal or immoral. You'll find that the best customers will come pouring in with their orders, and they'll open their front doors to you as well. This is a very big opportunity for you to make your names--and your fortunes. You'll be introduced to America's most famous men. And a very important consideration is that no stigma will be attached to you as being real criminals, the sort of stigma you would get if you dealt in drugs or prostitution or other rackets. Believe me, it's the right way for you to set out on your careers. You can make a fortune for yourselves and at the same time become very popular with the people who count in this country." (Eisenberg, 1978:83-84)

Planning for the future--the crucial period after the repeal of Prohibition, which he anticipated--had to be done, since Prohibition had run its course. "Prohibition," Hammer (1975:115) writes, "was giving the gangster an opportunity that might never come again, a chance to walk at least part way through the door to respectability and a measure of social acceptance as good businessmen nevertheless." Like good businessmen, the criminal entrepreneurs would take the profits of the Prohibition era and invest them in areas that would be profitable during the 1930s. When the millions of dollars acquired from the illicit liquor trade no longer flowed in, other activities would have to be developed to make up for the effects of repeal. Two in particular would be dominant in the following decade--illegal gambling and legitimate business.

With the collapse of Wall Street in 1929, the underworld had gained a greater measure of importance in American society. Because of their reliance on a strictly cash business, the criminal entrepreneurs had reserves of cash stored that had not collapsed with the legitimate lending institutions. It was only logical that they would become a major lending source for desperate borrowers. With the enormous reserve of liquid assets saved from the Prohibition days, they began to explore new areas of business. Organized criminal lending to the garment industry was one example, as Lansky explained in one biography:

"Lansky and Lucania knew that banks were reluctant to lend money to the garment industry, whose methods were regarded with suspicion and mistrust. Bankers were conservative and distrusted

the modern mass-production methods the garment makers used to keep up with the changing world of fashion. The most up-to-date equipment had to be continually found and bought. Manufacturers who wanted to keep ahead of their rivals had to find the money somewhere to pay for the new machines, frequently imported from Europe. Sometimes they had to design equipment themselves and then have it made. But all this meant an enormous outlay of instant capital." (Eisenberg, 1978:115)

Thus, expansion of the Depression-era organized criminal syndicate would be built upon the business operations and philosophy developed during Prohibition. Prohibition had made bootleggers--many of them men in their late teens and early 20s--into millionaires. It had established neighborhood organized crime networks, given gangsters the look of a business enterprise, generated a national network, cemented relationships with law enforcement, and encouraged patterns of corruption. The unanticipated consequence of the Volstead Act, the crucial spark of the unpopular and unenforceable law prohibiting a desired good, was the foundation upon which organized criminal syndicates would mature and diversify in the forthcoming decades.

Diversification into Legitimate Enterprise

What are the benefits for the organized criminal entrepreneurs who choose to diversify into legitimate and marginal industries?

Avoiding Detection

As extortion and violence fade in importance as activities of the organized criminal and as means of regulating their business relations, and as many of their activities become transactions between two willing parties, it poses problems for law enforcement detection and punishment of organized criminals. In this way, one of the key stigmatizing attributes--a criminal record--is less often available. Consequently, this contributes to the untouchability of the organized criminal enterprise. Economic crimes also reduce territorial disputes, thereby decreasing the possibility of what has traditionally been termed gangland violence.

Reducing Risk

The structure of illegal enterprises has historically been adjusted to minimize risk: those who would be caught usually were expendable and wouldn't provide information which would implicate even their immediate superiors, let alone high ranking underworld officials. Faced with the practical impossibility of driving entire organized criminal enterprises out of business--in the few cases where a law enforcement agency had the clear mission and uncorrupted desire to do so--law enforcement agencies employed a strategy of attrition. Still, organized criminal enterprises were able to absorb the costs of that strategy. Confiscated drugs were valued by law enforcement agencies at their street value, thus overemphasizing the importance of confiscation. To organized criminals, the cost was considerably less, and represented a cost of doing business that, if not expected, at least could be absorbed.

As organized criminals diversified into legitimate businesses, they benefitted from a similar type of risk arrangement: the fines which are regularly assigned as penalties in economic crime cases can be absorbed as a standard operating cost.

Giving Illegal Capital a Legal Status Protects It from Appropriation

One rationale for the diversification and attempts at legitimation would be the desire for personal respectability on the part of the organized criminal. A second, more pressing explanation would be that legitimation offers a security to the organized criminal's capital, which couldn't exist under any other arrangement. (Jester, 1974; Anderson, 1979)

Organized criminal assets which are tied up in illegal enterprises are subject to state appropriation, and legitimation provides a vehicle for the conversion of this illegal property into legal holdings.

In the long run, this activity produces the first effect: the respectability, and therefore the untouchability, of the organized criminal. As the formerly stigmatized organized criminal acquires legal enterprises, it becomes more difficult for the assignation of deviant and criminal status.

Acquiring the Benefits of the Economic Criminal

If the previous stage of the process is concluded successfully, then the organized criminal, when accused by legal authorities, becomes defined and seen more as an economic criminal. Then he is afforded the benefits of the white collar criminal--seen as peers by judges, for instance. And, because there aren't any bodies lying around in the

carrying out of the crime--what had previously been a key definitional attribute of the organized criminal's activity--it becomes more difficult to ascertain what the crime is, and then to assign responsibility.

Competitive Advantages

Organized criminal investors may actually possess advantages over their legitimate counterparts, when it concerns investment in legitimate enterprises. The reserve of funds they can draw upon to finance their concerns is greater than anything at the disposal of non-mafioso enterprises, which are frequently throttled by cash-flow problems and a consequent shortage of finance capital. Arlacchi points out (1979:70):

"While the 'normal' capitalist must rely for investment purposes almost exclusively on the accumulation of profits in the ordinary course of business, no such restriction applies in the case of mafioso-style capitalism, which can draw on a whole series of unorthodox sources of financial gain for the large sums needed to finance its ambitious investment programmes . . ."

So, we return to the earlier discussion of the ways in which the early 20th century gangsters embodied values of the legitimate entrepreneur, but performed in illegal settings because the routes of social mobility were blocked for lower-class immigrants. Decades later, we find the contemporary gangster employing the methods of the businessman-criminal, and sharing the same profit motivations for the

crime, as Bequai notes (1979:184):

"The gangster is neither a reformer nor a revolutionary. He is in many respects a caricature of the robber barons of the late 19th century; his mentality and outlook are those of an industrial feudalism. The legitimate business sector offers him new avenues for his investments and new opportunities for power and wealth. It opens the world of white-collar crime, in which prosecution is rare and punishment genteel. The gangster can steal more, and pay less."

Still, the concept of transformation from racketeer to economic criminal depends on more than the organized criminal entrepreneur's seizing the opportunities available in economic crimes. It depends upon the establishment of relationships with non-underworld political and economic actors. The diversification into legitimate or marginal industries extends the boundaries of the organized criminal enterprise in a significant way: it moves them closer to upperworld economic and political elites. In fact, the former administrator of the Teamsters Central States Pension Fund, long suspected of organized crime connections, said that he considers himself the equal of David Rockefeller. This combination of the extension of the boundaries surrounding certain organized criminal enterprises therefore has two important effects: by choice, the organized criminal moves toward respectability; simultaneously, the upperworld actor has fewer constraints, less fear of stigmatization, when considering social interaction or business transactions with a suspected organized

criminal entrepreneur. As the taint of the deviant label fades, the chances of respectability for the organized criminal increase rapidly, as the population of those willing to make a negative designation narrows. This has some important consequences for the study of organized criminal influence.

The conflict perspective of the origins of criminal law which is adopted here proposes that the criminal law incorporates the interests of specific persons and groups in society--those persons who have the power to translate their interests into public policy. By paying off public officials, organized criminal interests can easily survive. But do legitimate businessmen "pay off" legislators to influence legislation? Are lobbyists the same, morally speaking, as bagmen carrying bribes? Clearly, the attempt to influence public policy is different when it is applied to illegitimate businessmen, or mobsters, than when applied to lobbyists of drug companies or automobile manufacturers. If one proposes that the organized criminal desires something from the state that the legitimate businessman also seeks--non-interference and protection--then the issue of organized crime influence might coincide with other theories of the criminal law. (Merton, 1957:79-82) For this to happen, several definitional and structural changes are necessary. One hypothesis proposed here is that the opportunity for state officials and legitimate businessmen to do business with organized criminals has existed since the early days of the 20th century, and was legitimated through the corrupt political machines. It was given impetus by the popular disillusionment with Prohibition, which made it easier for law enforcement officials on the street level and politicians at the state level to ignore the

letter of the law, and accept gratuities or payoffs in return for allowing the rackets to operate. At an early stage, the rationalization for doing business with organized criminals who killed their associates with elan, if not regularity, was evident: they only kill their own. The idea that one enters into a business like organized crime fully aware of the risks, and therefore as a member of the notorious fraternity, should expect a given amount of danger in one's daily existence, makes it possible for the complicitous legitimate businessman and public official to sanction privately, if not publicly, cooperation with the mob. In this way, we could conceptualize those persons who are complicitous as being, in the Knapp Commission's terms, weed-eaters: those who go along with the payoffs because everyone else does it anyway, and because a person would be considered a fool not to supplement their paycheck with some graft. (Knapp, 1973:65) Therefore, the perspective proposed here need not espouse that the organized criminals in the legal casino gambling industry were buying off the politicians who were then forced to suborn regular murder by vicious thugs. One need only see that politicians and businessmen could emphasize the businessman part of the outlaw businessman they came in contact with to understand how they could cooperate with the mob, and not feel threatened.

Besides providing a structural relationship, the connections among the three groups also provide for social interaction. Two seem noteworthy, particularly in light of the subject of this thesis. One is the gambling connection--wealthy politicians, businessmen and gamblers could find the best company in town at Arnold Rothstein's table--the elite of politics and society and the elite of the mob

meeting over a friendly game. The second locale is the political organization, as Merton points out. (1957:82)

Merton also suggests that the basis for considering the organized criminal as a businessman lies in the fact that, in strictly economic terms, there is no difference between the provision of illegal goods and services, and that of legal goods and services. If Merton's point is correct, we might still expect that there is a more complicated set of interpersonal redefinition that exists, in which those members of the upperworld who interact with the underworld rationalize their behavior, and their alliance.

There is always the possibility that the underworld has paid off officials, as we have shown it is likely to do. And there is the possibility that it achieves its ends through the systematic use of violence, in the same way that a terrorist would. But these possibilities argue against the propositions this chapter tries to establish: that the power of the organized criminal, like that of the legitimate businessman, lies in his ability to extract protection and establish working relationships with other businessmen and with legal authorities.

Those public officials who do cooperate with organized criminals may choose a number of rationalizations for their behavior: they don't share the beliefs of the enacted legislation, and the possibility of some supplemental income from graft is enough to make them act on this belief, and look the other way when confronted with law-breaking activity; they are amoral and will take the bribe for its cash value; they generally support the law, but are willing, for a price, to consider another action--non-enforcement.

To the extent that the first rationalization is operative, it appears that the definition of organized crime as a harmful enterprise or the designation of the racketeer as a dangerous citizen is negotiable, and depends upon one's relationship to it. When the designation of the organized criminal entrepreneur as an outlaw businessman is dominant, the possible reactions by the state to the activity conform more to the relationship the state has with marginal industries. When the criminal label is foremost, the state responds with its criminal justice apparatus.

But how do these disparate elements meet? Is it only at the appointed place for the payoff? Do they shun each other's company otherwise? Are they unwilling to interact in any other way than to exchange money? Evidence exists to the contrary. Earlier in this century, the political machine served as a connection, a meeting place for those disparate elements who were beneficiaries or clients of the machine's power. Frank Costello's speakeasy was a watering place for politicians, gamblers, and organized criminals during Prohibition. Of course, Costello's job was to provide the organized criminal groups with protection, so he was at ease with many of the influential politicians in New York City. As one historian explains, Costello's job was to negotiate acceptable levels of noninterference from the executive, legislature and judiciary, ". . . the three coequal and cocorruptible elements of government." (Campbell, 1977:77) There, as elsewhere, a basis for the meeting of the organized criminal, the legitimate businessman, and the public official exists--a physical place, as well as an interactional context, where the hypothetically antagonistic forces find that they have more in common than they might

previously have expected, and that they are comfortable in one another's presence. Strauss argues for such an interpretation:

"An alternative to viewing political machines as organizations is to conceptualize them as complex and interlocking sets of negotiation activities that result both in relatively stable and relatively shifting relationships among a host of interested parties. The latter include not only 'members' of the machine but also hundreds of marginal recipients to 'its' largesse. Whenever machines have been judicially exposed, some of their actual members have been legally punished, but in a wider sense all who profit repeatedly from the participation in the machine's negotiations are implicated in its activities. To draw the line between being 'in' the organization and being 'outside' of it is, at least sociologically speaking, a difficult conceptual enterprise."

Legal casino gambling has been developed in locales where such interaction between upperworld and underworld actors is commonplace.

For the organized criminal seeking respectability, the successful transformation to economic criminal results in difficulty in imposing a total moral state when there are fewer bodies, no white ties on black shirts. In this confusion, with a lack of definitional signals, one's choice in definition depends on one's material interests. No longer can one say with confidence what Duster says about the discovery of the narcotics addict: "I now know what there is to be

known about that person." (1970:68) This is especially true when we consider the importance of violence in the organized criminal career. This study has proposed that the resort to violence is not a reflection of the gangster personality, but an effect of the market forces of illegal enterprise, especially the alcoholic beverage market during Prohibition. The proliferation of gangs involved in the distribution process, and the wildly competitive market situation--few established businesses vying for the customers--prompted the defensive alliances and violence that characterized the period. Since there were no legitimate or effective organs in existence to regulate the markets for alcoholic beverages, violence would serve to police the producers. When violence recedes, so also does the easy assignation of organized criminal status. This of course is no accident--rather, it is a clear self-preservative and expansive goal of the organized criminal enterprise.

In general, Jester (1974) explains, legitimate business represents the ultimate step toward legitimation, while at the same time it facilitates illicit activity. A legitimate business acts as the ultimate reward of respectability, an outlet for the investment of illicit capital, a front behind which criminals can operate with decreased visibility and probability of prosecution, a front for illegal services and merchandise, and a source of authority in society because the syndicate has economic power.

"As the criminal activity grows in sophistication, it also becomes less illegitimate since it tends to combine legal and illegal tactics. Through the employment of

those tactics the position of the criminal group is strengthened since they are less likely to be successfully prosecuted for their actions."

(Jester, 1974:21)

Organized Crime and the State

"It is, moreover, important to recognize that, unless it be in reaction to instances of exceptional official or institutional rigidity, the basic activities of the Mafiosi do not take the form of a direct opposition to the undertakings and functions of state organs . . . When we look at what actually takes place in regions where the Mafia is powerful, we find that despite their theoretical antagonism as respective contenders for the monopoly of violence, the Mafiosi and the state organs are constantly collaborating, and often by similar means, with a view to eradicating the more serious malfunctionings and potential disruptions to the established order." (Arlacchi, 1979:57)

Where they first emerge in Sicily, the Mafiosi serve as power brokers between a largely illegitimate and ineffective state and the peasant inhabitants of the country. It is the Mafioso's ability to manage struggles between the state and peasants, to be available for use by the ruling class without belonging to it, and his ability to create and maintain this interdependence that makes him useful,

indeed integral, to society. As Adams explains in describing this role of the power broker, ". . . his actual control over either sphere depends upon his success in dealing with the other; his controls in one level of articulation provide a basis for controls in another . . . he controls one domain only by virtue of having access to derivative power from a larger domain." (1970:320-321)

The elements of a mafia became tangible--and the word mafia itself gained prominence--in the early 19th century when the formative apparatus of a modern central government was imposed upon a Sicilian society still largely feudal in its main features. (Blok, 1974) Despite centuries of foreign rule, no government has ever effectively penetrated Sicilian feudalism. Landowning barons continued to dominate local government, and outside authorities relied on these barons to maintain order among the peasantry. Sicilian noblemen maintained private armies of field guards to maintain this control.

Neither Spain nor Naples intervened directly in Sicilian affairs when they possessed Sicily as a colonially ruled territory, abstaining from direct administration in favor of a strategy of indulging the local aristocracy, as long as their minimal demands were met. As Hess (1973) notes, the colonial rule imposed upon Sicily was also a frequently changing rule, and both the remoteness and the transitory nature of the rulers militated against the population's identifying with the government.

As a result of the weak and remote rule, the barons enjoyed a good deal of independence, relying on the power of private armies and the systematic wielding of private violence to maintain their position. Mafiosi were recruited from the ranks of the peasantry to provide the

estate owners with armed staffs to confront the impact of the state as well as restive peasants. In the case where the state was able to penetrate the power of the barons, such as when penal justice passed from the hands of the barons to the organs of the state, the barons were able to ensure that their private armies remained outside state jurisdiction. Members of the private army received protection of asylum as well as economic support. The consistent inability of the state to monopolize the use of physical force in sizeable areas of Sicily was an example of the inadequate spread of a modern legal-bureaucratic order of government throughout Sicilian society, a situation which bears some similarities to the early 20th century American urbanization, and the development of a powerful organized crime sector.

Hobsbawm (1965) explains the rise of the Mafiosi as one form of primitive political rebellion coinciding with the rise of rural capitalism in Sicily, and sees similarities between the bandit and the Mafioso. Blok distinguishes the Mafioso from other power holders, such as bandits, on the basis of the intermediary, or power broker, function of the Mafioso in Sicilian society. While bandits are in open conflict with the law and the state, Blok (1974:94-95) explains, "Mafiosi disregard both and act in connivance with those who represent formal law, thus validating their private control of the community and public life." Blok attempts, in his examination of a rural Sicilian village, to discover the bonds that existed between the Mafiosi and the officials on whom they relied. And his findings come as a surprise to those who attribute characteristics to the Mafia which are the antithesis of strong and orderly government. Blok maintains the

opposite is true: without the concentration of power in a national state, the Mafia cannot exist. The Mafioso cannot push people around, Tilly adds, without ". . . some claim on the protection of someone wealthier and more powerful than he is, and the great landlords who protect the mafiosi can't enjoy their surprising freedom of action unless they have fashioned a sort of non-intervention agreement with the regional and national authorities." (Blok, 1974:xix)

The attitude of the Mafioso and his development as a social type are forged from one central value: his unwillingness to recognize the legitimacy of legal government. The Mafioso attitude, Mosca (1937: 36) explains, ". . . assumes that recourse to legal authority in cases of persecution by private enemies is a symptom of weakness, almost of cowardice."

The career of the Sicilian Mafioso follows a fairly standard route in the attaining of power, according to Hess (1973). His assignment of status in the criteria specifically excluded by the legal institutions: the ability to use force.

In his early stages of development, the Mafioso's authority is based upon an act of violence, and his actions are similar to the bandit's. Where they begin to diverge is in the series of events following the violent act. While the bandit escapes to a hideout, generally in the mountains, to get beyond the arm of the state, the Mafioso seeks acquittal in the courts. The typical conclusion of his clash with the government is acquittal--for lack of proof. Set free for lack of evidence, rather than for proven innocence, the accused proves he is made of Mafioso qualities by the inability of the judicial machinery to convict him for his violation of the law. This is quite

naturally a vital selection criterion, proving as it does the Mafioso's ability to silence witnesses, and usually assuming the existence of a group of influential friends and protectors around him.

The first acquittal strengthens the young Mafioso's sense of power, Hess finds, and consolidates his position. He begins to be respected and feared. Now recognized by other Mafiosi and by those in his social environment who begin to attribute Mafioso qualities to him, the young Mafioso proceeds in his socialization process, as people begin turning to him for mediation and dispute settlement.

Vito Corleone, the 20th century fictional counterpart of the Sicilian Mafioso, first establishes himself as a "man of respect" in The Godfather when he kills the Mafioso Fanucci, who was extorting protection payments from the Italian residents of Vito's neighborhood. As soon as Vito is recognized for this act, residents of the neighborhood begin turning to him for remedies, in cases like landlord-tenant disputes. It is clear, even at this early stage in his career, that Vito is a man who refuses to accept the rule of organized society, and especially the domination of other men. He considers himself his own law, many of his adversaries discover, and guards his free will with his life. (Puzo, 1969:287)

Late in the novel, his son Michael reflects on the disjuncture between the cultural goals of American society and Vito's route to success in a society which blocked his upward mobility:

"He doesn't accept rules of the society we live in because those rules would have condemned him to a life not suitable to a man like himself, a man of extraordinary force and character. What you have to

understand is that he considers himself the equal of all those great men like Presidents and Prime Ministers and Supreme Court Justices and Governors of the States. He refuses to live by rules set up by others, rules which condemn him to a defeated life. . . . In the meantime he operates on a code of ethics he considers far superior to the legal structures of society." (Puzo, 1969:365)

These studies suggest a new perspective be taken on the role of violence in the organized criminal enterprise, and in the relation of violence to power. The prestige and power awarded Mafioso behavior, the studies explain, derives not from violence, but from the fact that the act of violence is performed in open defiance of legal institutions. Once this is resolved, honor is institutionalized, Arlacchi (1979) explains, and transformed into power recognized as legitimate. Once the power is institutionalized, the threat which is so central to the criminalization process recedes. Jester (1974:131) notes the consequence:

"The much discussed apathy of the business community when faced with penetration by organized crime is, in many cases, attributable to the fact that many businesses ostensibly controlled by organized crime are operating within the law and pose no threat."

It is this legitimate, non-threatening power, not merely brute force, that the state apparatus responds to in the legal casino gambling industry described in the next chapter.

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CHAPTER 4

ACCOMMODATION AND DESTIGMATIZATION:

THE POLITICAL ECONOMY OF LEGAL CASINO GAMBLING

Nevada State Gaming Control Board Member Shannon Bybee:

"By the time you knew of the involvement of both Sugarman and Green with [Meyer Lansky associate] Doc Stacher and [New Jersey organized criminal entrepreneur Gerardo] Catena?"

Bally Manufacturing Corporation President William O'Donnell:

"Yes."

Bybee:

"Did it not occur to you that it was a hazardous action on your part to set up a company selling these machines associated at the very least with a close business associate of a notorious mobster, one of the most notorious mobsters in America?"

O'Donnell:

"I had done business with these gentlemen for something like seventeen years. I knew them well, and they were friends of mine. No, it didn't occur to me -- I didn't care about their connections."

- (Transcript, 1975:46)

In choosing to legalize an activity with proven ties to organized criminal interests, political and economic elites may be pursuing a policy similar to that espoused by Hamill (1975): we've got organized crime in our state, and policies aimed at its eradication have been proven ineffective. Therefore, we might as well legalize it and derive some tax benefits. However, the legalization campaign in New Jersey was not an attempt to prove the worthiness of organized criminal interests for political and economic integration. Rather, the debate was focused on the taxation and economic development benefits available to a state which chooses to legalize and strictly regulate a benign activity with former ties to organized criminals.

This thesis chooses to view the casino legalization campaigns presented here as struggles for the definition of the character of the primary investors in the legal casino gambling industry, as an example of what Schur terms "stigma contests." (1981) In order to establish this argument, this chapter will apply the arguments presented in the previous chapter to the legal casino gambling industry:

a) That organized criminal enterprises provided a route of upward mobility for lower class immigrants;

b) That Prohibition provided the spark for a powerful underground economy of vice, and left the Depression-era gangster with enormous reserves of cash, some of which was invested in gambling enterprises;

c) That organized criminals, whether the Mafia in Sicily, or American variations of the Mafia, or American non-Mafia organized criminals, have depended upon close associations with representatives of a strong state for the security of their operations;

d) That the investment of organized criminal capital in legitimate enterprises -- usually referred to as "fronts" -- was established as a strategy over fifty years ago, and was accompanied by the attempt by leading organized criminals to present themselves as businessmen, rather than racketeers;

e) Consequently, that the most useful conception to use when attempting to understand the peculiar role of organized criminal entrepreneurs and organized criminal capital in the American political economy is neither conspiracy nor kinship, but outlaw capitalist -- that is the important and guiding contradiction.

This chapter will examine how those factors have emerged in the creation of a successful legitimate, yet organized criminal controlled, industry -- the legal casino gambling industry.

Evidence abounds which describes the involvement of organized criminal interests, particularly Prohibition-era bootleggers, in the legal casino gambling industry. The founding fathers of Las Vegas' gambling industry were predominantly organized criminal investors, who had operated profitable illegal operations elsewhere, and invested in Las Vegas as a natural extension of their illegal interests. The public record keeps up with the public stereotypes in this regard: organized criminal interests, whether surreptitiously or in the open, have prospered for years in the Nevada gaming industry. Lansky associate Doc Stacher gave this account to Lansky's biographers:

" . . . differences were ironed out peacably in those early days in Vegas. For instance, when they were building the Stardust Hotel, which was the largest one then, Dalitz complained that it would give too much competition to his Desert Inn. The man behind the Stardust was Antonio Stralla, or as we called him Tony Cornero, an old bootlegging friend. It looked like an old-fashioned war might break out, but Meyer suggested a meeting and we all flew in for it. I was there with Dalitz, and his right-hand man, Kleinman, was there, and Longie Zwillman and so forth. We worked out a deal that gave each group an interlocking interest in each other's hotels, and our lawyers set it up so that nobody could really tell who owned what out there."

- (Eisenberg, 1978:266-267)

The regulatory controls of the state of Nevada can be considered to have developed over the past thirty-five years as a way of staving off federal action against the casino operators, who were openly operating in the only state where legal casino gambling was permitted.

In a state with few physical resources, and no economic advantages, Nevada residents acted long ago to legalize an historically-sanctioned casino gambling there. With the influx of organized criminals into the legal gambling setting, Nevadans were presented with a choice: either drive the organized criminals out, and reduce the prosperity of the dominant industry in the state, or learn to live with the organized criminals, and extract some social benefits from their presence. As a consequence, organized criminals -- beginning with Benjamin "Bugsy" Siegel -- were made legitimate actors in Nevada economy and society.

Bugsy Siegel can rightfully be called the father of Las Vegas. While there had been legal gambling in Nevada since 1865, with the exception of two decades of prohibition in the early 20th century, it had remained on a small scale until Siegel approached his organized criminal associates with a plan to develop Las Vegas into a gambling capital. Until World War II, when the traffic of soldiers heading from the mid-west to California began to bring business to Las Vegas, the city remained essentially a railroad stop, with a population of about 5000. But Siegel saw the promise of the city as a tourist and gambler paradise, and set out, with the backing of Eastern organized crime capital, to develop the first lavish hotel-casino, the Flamingo.

In Nevada, Siegel found a dream come true. This was not a state in which public officials could be corrupted -- this was a state where the legacy of legal gambling ran so long and so deep that it was as though the state itself were in the gambling business. Just as the speakeasy was a central meeting place in Prohibition-era New York, so the gambling hall has been a Nevada institution for nearly a century.

With the discovery of gold in California in 1849, thousands of prospectors headed westward in hopes of striking it rich in the gold fields

there. Small strikes in the Northwestern section of Nevada maintained the interest of some prospectors, and the discovery of the Comstock Lode, a sizeable silver vein in the Virginia City area, south of Reno, established Nevada as a viable mining state.

Silver-mining communities formed and grew around Virginia City, and the gambling hall-saloon-bordello became the primary after-hours meeting place for the carefree gold diggers. The prospectors competed with the straight-laced Mormon settlers who had settled the state in the previous decades, and their values clashed -- particularly in the area of personal morality and lifestyle. One account describes the character of the miner:

Gold prospecting did not draw men seeking stability and long-term work. The affinity between gambling and prospecting for gold is clear. Either way, one is seeking to strike it rich. Besides, in the 19th-century mining towns there wasn't much else to do. Men without families could drink, whore, gamble, and fight; and they did all of these. For the gold miners, cowboys, and other adventurers who scratched out a living from what the parched desert offered, gambling was a major activity after a day of strained backs and saddle sores. In the dusty little mining towns which constituted Nevada, gambling became the principal form of recreation for male members of the community. Thus, the residents of the Nevada territory adopted gambling as an integral part of life.

- (Skolnick, 1978:103)

From the 1850s on, gambling was part of the early Nevada legacy. A state with little in the way of physical advantages, because of its dry, hot climate, Nevada was forced to rely upon the fortuitousness of silver

strikes, and, later, upon the development of Las Vegas as a gambling capital, for its prosperity. This turn of circumstances forced an interdependence between the seemingly disparate elements in the population of the carefree miners and the straitlaced Mormons; but, more importantly, it led the way for a working relationship between later-day Mormons and organized criminals like Siegel.

Among other things -- most obviously the proof that organized criminal interests will invest in legal casino gambling -- Nevada provides us with an example of various non-gambling interest groups' ability to accommodate themselves to legalized casino industry and its notorious operators. It shows how those who can find an activity or proprietors morally repugnant can still manage to find a way to allow for the activity in their moral equation.

The dilemma of the state of Nevada, in the face of the organized criminal investment into a major industry in that state, has been to maintain the revenue generated by the gangsters while dissociating the state from their disrepute. In doing so, the state officials of Nevada have been forced to adopt a policy which judged the organized criminals who moved to Nevada by another moral calculus than one might in the state where the same persons were directing illegal activities.

In Nevada, where legal casino gambling has existed for over thirty years with the clear and open participation of organized crime, we have the best case study of the independence between organized crime, a legitimate but stigmatized industry, and influential public officials.

Organized Criminals and the Mormon Church

Siegel's relationship with the Mormons can be seen as the accommodation of the two most powerful ruling class groups in Southern Nevada.

While the Mormon Church prohibited gambling -- and drinking and smoking for its members -- those Church members who resided in the Las Vegas area still needed to work to survive, and they needed to work in an industry which was, by the late 1940s, becoming increasingly populated with gangsters.

Confronted with the like of Siegel, the Mormons in Las Vegas in the late-1940s adopted tolerant attitudes toward the gambler-gangster similar to the attitudes earlier Nevada Mormons had shown toward the drinking and whoring miners who had been the mainstay of Nevada's mining-based economic boom of the mid-19th century.

The Mormons saw in Siegel and his colleagues the advantages of sizeable capital investment and an expanding payroll. While Siegel's reputation was earned in the East and in California, in Nevada he could be held to the tenets of a local code -- one which saw the gangster's participation in a formerly illegal activity as proper, as long as he proposed nothing illegal. Besides, the success of Bugsy Siegel would benefit everyone.

The accommodation reached between these two seemingly incongruent groups was more than merely a tolerance for each other. It converged at the similar attitude both had toward business -- and the alliance that could be forged as long as the Mormons viewed the gangsters as businessmen.

Contemporary statements by members of the Mormon Church in Nevada indicate that the material interests involved determine whether political and economic elites can afford the luxury of expressing their moral interests. Those members of the Mormon Church who also hold positions of importance in the political hierarchy of Southern Nevada articulate the moral equation which allows them to actively support an activity which

their religion does not condone.

"The Church has no intention of revoking or changing the situation. If you live here, you accept it. It's a good economy. There's opportunity here."

"I do not gamble and I rarely go out to those places. My goal in public life is to be sure that it is administered fairly. I didn't go to Carson City [the state capital] to outlaw gambling."

"Our counsel to people who work (in casino management positions) is that it is not wrong to work there as long as you're earning money at legitimate work. It's no different than someone who would be working for a company like the Union Pacific."

- (Gottlieb and Wiley, 1980:24,32)

In these statements, the Mormon state senators and community leaders support the contention of their interviewers that: "Everybody in Las Vegas . . . ultimately makes their money off the gambling industry, and that fact, more than anything else shapes the character of the area. Money, town folklore has it, is the root of all activity in Las Vegas, and it is where the community's different cultures eventually meet." (Gottlieb and Wiley, 1980:32)

Organized Criminal Entrepreneurs and the Federal Government

The earliest post-Siegel federal indictment of Nevada gambling and gaming control came from the Kefauver Committee, which reported that, as an example of legalized gambling, Nevada spoke entirely in the negative.

(Kefauver, 1952:229) The final report of the Committee expressed dismay at Nevada's grandfathering into its industry several operators with felony records in other locations. It charged that the Nevada gaming industry had been "Binionized," and "Siegelized," referring to two notorious felons who became founding fathers of Nevada's gaming industry.

The federal view of Nevada gaming, consistent through the Kefauver Committee report, the McClellan Committee rackets hearings, and the Kennedy Administration Justice Department effort under Attorney General Robert Kennedy, was that Las Vegas served as a bank for America's organized crime, and that state authorities directly or indirectly, were complicitous with the gangsters. (Kennedy, 1960)

This charge meant that Nevada gaming operations relied upon hidden investors -- organized criminal syndicates who controlled a piece of a given casino, and received, as payment or dividend, skimmed profits from the casino. Not only did this practice violate Nevada law -- by allowing unlicensed owners to direct operations -- but it violated federal income tax laws as well. The profits from the casino skim could therefore be seen as a means of subsidizing other, more nefarious organized criminal operations, such as narcotics importation and loan sharking.

Organized Criminal Entrepreneurs and the Nevada State Officials

With long-standing legalization, Nevada authorities had a basis for treating gambling with taxation motives, and worrying about the steady flow of taxes into the state treasury, rather than worrying about the character of those who participated in the industry.

The threat of federal intervention had the result of driving the state and the gambling operators -- even those who were suspected of organized criminal ties -- together, as a protective measure. This

coalescence around the federal threat meant that the state was forced to emphasize its preservative tendency toward gamblers, and to worry about any adverse publicity generated within the state concerning any one operator resulting in stigmatization of the industry as a whole.

The effect of grandfathering was such that it permitted the inclusion of interests who might otherwise have been kept outside the state. Because state officials were dealing with an activity which was illegal elsewhere, and which, in its legal form, attracted those who had been illegal operators -- and corrupters of public officials -- the Nevadans were forced to adopt a new moral standard, or measure of respectability, which did not gauge a person's moral character by what they had done elsewhere, but by how they operated within the confines of Nevada.

From Lt. Governor Jones, (1956) through Gaming Commission Chairman Reid, (1979) high-ranking state officials have been tainted by their associations with alleged organized criminal interests. But, returning to an earlier argument by Merton, if one thinks of the illegitimate businessman as having the same goals and drives as the legitimate counterpart, then one begins to see "capture" in a different light -- more like the capture of the regulatory agency by the regulated interests. It has been in the interest of Nevada authorities -- and pre-Castro Cuban and Bahamian officials as well -- to be captured by those forces it regulates, even those with tainted reputations, since it depends upon these operators for the state's economic base. The threat from organized crime, as Nevada gaming officials view it, is not that organized criminal associates will steal the city dry, but that the stigma attached to the operators by the federal government -- who do not share the same pro-industry values as do the Nevada state officials -- will cause problems for the financing and continued operation of Nevada casinos. Consequently,

in Nevada the state has to be concerned with the image of the industry, and has shared the concern of the operators that they be portrayed as businessmen, rather than criminals. As a result, many of the major gaming control actions taken by the state were defensive, reactions against the threat of federal intervention. As long as revenues continue to increase, there are few major problems for the tax-conscious Nevada policy-makers.

Organized Criminal Entrepreneurs and Nevada Residents

Nevada's gaming revenues directly employ approximately one third of the state's workforce, and are responsible, directly and indirectly, for half of the state's tax revenues. (Nevada, 1977) The residents of Nevada are clearly connected to the gaming industry there and therefore make judgments about the morality of the operators and the activity based upon their self-interest -- which inhibits them from making distinctions between legitimate and illegitimate operators.

When questioned about the possible harmful effects of organized criminal participation in the city's leading industry, those Las Vegas residents who responded to a newspaper's roving question person -- in the wake of widespread organized crime wiretap revelations in the summer of 1979 -- told the reporter that it really didn't bother them, that it was just an archaic issue. This response apparently represents the view of many state residents who wish that investigative journalists, federal investigators, zealous federal agencies -- and generally the world outside Nevada -- would stop trying to impose their moral standards on a city and state with a thriving industry which doesn't seem to be hurting anybody.

The legitimacy of the legal casino industry can be seen to expand

in many ways. The most popular major at the University of Nevada Las Vegas is hotel and motel management. The industry employs over thirty percent of the working population of Clark County, and casino shut-downs are disruptive events which place thousands on the unemployment rolls, and increase the welfare burden of the local government. Therefore, it is in the interest of those who do not work in the industry, or in businesses which depend on gaming industry business, to support the industry which employs thousands, and keeps the economy thriving and expanding in ways which benefit the entire population. Certainly the Mormons, who have the most stated opposition to gambling, are the best case of accommodation: as long as the industry is going to be there, they might as well take part in the prosperity, and not do anything which would encourage the imposition of a bad image.

Organized Criminal Entrepreneurs and Others in the Gaming Industry

Before attempting to chart the relationship between those casino operators who were not associated with organized crime, and those who were, we need to establish that those who were associated behaved in a different manner within Nevada. Otherwise, we might dismiss any problems in this relationship, since both parties would be acting the same way (unless it was the case that the residual stigmatization bothered the more legitimate operators). Some of the gambling operators in Las Vegas who were not connected to organized crime nonetheless had learned the business in an illegal setting, and therefore might be more likely to be understanding of those in the gaming industry who were considered disreputable because of their past illegality.

If the organized criminal controlled casinos did anything differently from the non-controlled casinos, it would probably have been in two

areas: skimming profits, and utilizing violence. There are two explanations for how the legitimate casino owners would rationalize, excuse, or ignore such behavior. The first is that skimming was, by all accounts, a relatively common practice of tax evasion in all the casinos, not just those with organized criminal hidden interests. The second explanation depends upon the rationalization that, as Jennings (1967) titled his biography of Siegel, "they only kill themselves." One is not likely to fear gangland violence, if one is not in the line of fire. There is more reason to fear the random violence of street crime than the business-motivated murders of organized crime. The randomness of the violence removed, one can rationalize gangland violence as a risk that certain persons choose, at the same time that they make illegitimate career choices.

The concept of a protective alliance between Nevada casino operators and state authorities against the federal law enforcement agencies and Senate investigators who hoped to portray Nevada gambling as organized crime-ridden is also important. As various Nevada industry members and officials from the 1950s and 1960s report, there was a mood of cooperation among those in the industry who felt threatened by the prospective federal action, and who acted to ward off any such action.

The New Respectability and Residual Ambiguity

For the first two decades following Siegel's construction of the Flamingo, casino development projects relied solely upon private financing. No publicly-traded corporations, and no institutional lenders would approach the casino business, which was considered a "tainted" industry. Only a small Las Vegas bank and the Teamsters Central States

Pension Fund -- which has been stigmatized by government agencies and financial institutions as a "mob" controlled fund -- made financing available for construction and expansion of Las Vegas gambling concerns. Not until 1978, when Aetna Insurance and Casualty made a \$60 million loan to Caesars World, would any non-Nevada, non-Teamster institutional source be a major primary lender to a Las Vegas gambling project. The institutional lenders expressed their belief that Las Vegas casinos lacked adequate internal controls, thereby facilitating skimming, with the proceeds apparently designated for "hidden" organized criminal investment partners.

From the time of the Kefauver hearings on, Nevada's legal casino industry was considered by federal law enforcement authorities to be infiltrated by -- if not totally controlled by -- organized criminals. Following Siegel at the Flamingo, organized criminal interests from Cleveland, Chicago and Detroit invested in new hotel-casino complexes. To Nevada authorities, who had decided to live with a given number of formerly illegal operators in their state's dominant industry, this federal concern over organized crime was an encroachment upon Nevada's right as a sovereign state to set its own laws in licensing businessmen. From the governor on down to the sheriff, Nevada authorities were concerned with the image of its gaming industry. It didn't help when Frank Costello was shot in New York City in April 1957, and the figures of that day's receipts at Las Vegas' Tropicana Hotel were found in his pocket. It was clear to federal authorities that organized criminals alone were responsible for the financing of the Las Vegas casino industry, and that belief was widespread throughout the financial community -- with the effect that institutional lenders shied away from Nevada gaming, considering the industry an unsafe investment.

The tainted roots of Las Vegas gaming industry has given rise to the

definition of the casinos there as a pariah industry, one which could not seek legitimate capital for necessary expansion in the 1960s. Faced on one side with a lack of expansion capital, and on another with the increasing vigilance of the federal government, Nevada's gaming operators were in need, by the 1960s, of a source of respectable capital. Howard Hughes, who sold his TWA stock in 1966 for \$584 million, provided precisely the relief that the gaming industry sought. As an industry newsletter reported at the time:

Back in 1966, Nevada had hit a new low. Its gambling was under unrelenting attack from Washington, and Nevada was under ultimatum to straighten out, to get rid of certain hotel managements. This might have taken years except for the sudden appearance of Hughes who bought three in five months . . . By getting into the gambling business he convinced millions that gambling can't be dirty or Hughes -- genius of helicopters, space vehicles, electronics -- wouldn't get into it. It was a public relations breakthrough for Nevada that could not have been delivered by Madison Avenue for \$50 million.

Later reports would show that Hughes had declined from an economic entrepreneur to a seclusive and obsessive codeine addict between the time of his purchase of the Desert Inn and the time of his death in 1976. In 1966, however, he was a leading and respected businessman. His entry into Las Vegas and his purchase of several casinos was a watershed event in the transition of the Nevada gaming industry to respectability. Following Hughes' arrival, the Nevada legislature approved a Corporate Gaming Act, which provided for the ownership of casinos by publicly traded corporations. Within 6 years, Hilton, Hyatt and Metro-Goldwyn-Meyer invested in Nevada, and upgraded the image of the mob-controlled city.

Nevada Governor Laxalt confirmed the "Hughes effect," when he reported to Nevadans in 1966:

"Mr. Hughes' involvement here has absolutely done us wonders. I just returned from a trip to the East where I spoke to some industrialists in mid-town Manhattan and their questions no longer are concerned with the Mafia, the skimming, the underworld . . . People come here now feeling they can come here in respectable, safe circumstances."

The attraction of "respectable capital" changed Las Vegas casinos' dependence upon local or disreputable sources of investment capital -- clearly organized criminal-connected individuals, and presumed ones, like the Teamsters Central States Pension Fund.

However, the respectability that has been gained by the legal casino industry in the 1970s has benefitted several publicly traded gambling corporations -- notably Resorts International, Caesars World, and Bally Manufacturing -- whose roots were in organized crime.

In the case of Bally, a noted New Jersey organized crime member was an early stockholder of the corporation. Nevada gaming authorities -- and, later, New Jersey gaming officials -- demanded the severance of the chairman of the board and president of the corporation because of his continued association with that organized crime figure. Caesars World, the parent corporation of Las Vegas' Caesars Palace, benefitted from a loan and lease back agreement with a Florida businessman presumed to be a surrogate for organized crime patriarch Meyer Lansky, even after they had been ordered by Nevada authorities not to enter into any business transactions with the businessman. When the business relationships were shown to exist in 1980, New Jersey gaming officials extended the severance to the president of Caesars World. Resorts history has been well-documented by inves-

tigative journalists and financial reporters. Resorts allegedly attained its gambling license for its Paradise Island casino in the Bahamas as the result of the bribery of high-ranking Bahamian state officials. In its operation in the Bahamas, Resorts employed presumed Lansky associates at high-level executive positions. New Jersey gaming authorities, investigating Resorts before its temporary licensing for Atlantic City operations, found that a number of the procedures at Paradise Island facilitated skimming of casino revenues, presumably to pay off hidden organized criminal investors.

The very same corporate entities who are the leaders in the nearly legitimized casino field are those which are designated by federal labor and law enforcement agencies as "connected" to organized crime. That the federal designation of their impropriety is described as "organized crime connected" or "associated" is an indication of the problems of assessing disreputable activity. Should one presume that organized criminal roots give an enterprise a tendency to continue unethical or illegal behavior? Or does the possibility exist that, after an initial stage of illegal development and transformation into legal forms, an organized criminal enterprise may "go legitimate?"

One certain effect of legitimation is that it allows certain institutional actors -- investors and lenders -- to participate where they were previously wary. As a result, there is a ripple effect as the growing respectability discourages the imputation of deviance to the casino industry. Its widespread investment diffuses the financial backing of what were formerly organized criminal holdings, and the interest in organized crime is reduced to those agencies specifically charged with organized crime control. When important financial institutions stop resisting the gaming industry, it narrows the base of those who might assign it a deviant

identity. A vice-president of Merrill Lynch explains that the ability to make damaging accusations is, by necessity, limited to those who have access to confidential information.

" . . . we also maintain the view that the gaming industry, as it is called, has the potential to be one of the high growth segments of the economy during the next five years . . . We believe that there are several well-regarded companies with good performance records in this industry, and that such companies represent a potential universe for long-term investment in casino gaming's growth. The last assertion does not, however, imply that the industry today is necessarily totally free of some undesirable participants . . . the historical facts all seem to indicate that early development interest and financing for some Las Vegas hotel-casinos were, if not dominated, at least partially influenced by some organized crime elements. All of this obviously poses a problem for fiduciaries and for the analysts who advise them. In essence, the problem boils down to the following: securities analysts have neither the expertise, the inclination, the resources, nor the time to conduct investigations in the law enforcement field, and it is thus only possible to make judgements and assumptions from a distance -- based on interviews with, and on general reputations of, top management in each company. There can never be any guarantee that the industry has completely outgrown some of its tainted roots, but because of close scrutiny and regulation by various governmental agencies, and because of the need to rely on public capital for expansion, we believe that for most of the major companies in the industry this concern is no longer a

primary consideration." (Vogel, 1978:3-4)

New Rackets, New Racketeers: The Problematic Normalization of the Organized Criminal Entrepreneur

Sixty years after the start of Prohibition, the purpose and method of organized criminal activity in America has evolved into a financially sophisticated form of economic crime. Where the old gangster plied his trade by providing illegal goods and services to ordinary citizens, his counterpart in the 1980s may more typically be found manipulating legal vehicles -- stock brokerages, banks, corporations -- through illegal means, for better return and lower risk than the rackets allowed.

Several changes in the structure of the world economy may be seen as contributing to this evolution. Organized criminals have expanded their operations beyond the United States, utilizing the favorable business climate and political arrangements that facilitate the flow of large sums of money -- especially cash -- without government interference. Swiss banks, with their secrecy laws, and Bahamian corporations, with minimum disclosure requirements, have become integral links in the organized crime network.

The acquisition of lawful enterprises by criminal syndicates has served to increase the legitimacy of the criminals, while at the same time providing them with a more certain form of income. Unfair advantage and monopolistic practices have made it possible for marginally profitable activities to be sound investments for organized crime profits.

Still, the question persists: how do we recognize the contemporary organized criminal? Are they criminals posing as legitimate businessmen? There is no act, like the homosexual encounter, or the prostitute's trick, which can be photographed, and shown as incriminating evidence. When the

and economic elites retain the power to concur with that assignation of reputability or to withstand it. The following two chapters will examine how powerful economic and political interests in New Jersey and Florida were mobilized:

a) In New Jersey, to concur with the ascending definition of the legal casino gambling industry as reputable economic and political actors;

b) In Florida, to withstand this definition, offering instead alternative definitions.

The next two chapters will establish that the taint of organized criminality is still of concern to certain individuals and established economic interests. How these political and economic elites respond to the stigmatized businessman, and how they manufacture meanings based on their interests will be shown to follow not solely from material concerns, but from a combination of their symbolic and material interests.

activity of the organized criminal resembles that of the traditional white-collar criminal, one is forced to rely upon other data to define the character of the suspected organized criminal associate. The reliance, by legal authorities, upon the establishment of association as the key stigmatizing variable, which defines the organized criminal for certain actors in the legal system, forces the legal system to a differentiation between legal status and guilt, and social status. The common response of the exasperated law enforcement official, "We know that they're organized criminals, and that they're guilty," is not shared by those for whom the importance of that designation is less than critical, and, perhaps more importantly, unclear. The reliance of law enforcement agencies upon the conspiracy concept forces their reliance upon the establishment of the personal attributes, rather than the criminal record, of the alleged organized criminal. This is exactly the arena that the organized criminal entrepreneur wishes to be judged in, since the establishment of credentials of legitimate businessman status undercuts the important link in the law enforcement agent's proof of organized criminality. At the same time, this reliance upon the stigma of the organized criminal leaves open the possibility that a successful campaign, which attributes organized criminal symbols to the proposal for an economic reform, can contravene material appeals, and open the debate to the speculative consequences of legalizing a business with alleged associations to organized criminals. That is precisely why the marginality of the organized criminal entrepreneur is tied to the issue of image, and why the political integration of the organized criminal entrepreneur is central to the struggle for normalization, as the next two chapters will indicate.

Reputability, like any other subjective label, is a social construct. While some events may advance the respectability of an activity, political

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CHAPTER 5

NEW JERSEY 1976: LEGALIZATION AS ECONOMIC DEVELOPMENT

"In the day we sweat it out in the streets
 of a runaway American dream
 At night we ride through mansions of
 glory in suicide machines
 Sprung from cages on Highway 9
 Chrome wheeled, fuel injected
 And steppin' out over the line
 Baby this town rips the bones from your back
 It's a death trap, it's a suicide rap
 We gotta get out while we're young
 'Cause tramps like us, baby we were born to run."

- Bruce Springsteen, "Born to Run," 1974 Laurel Canyon Music, Ltd. (ASCAP).
 Proposed for adoption in New Jersey State Assembly (Concurrent Resolution #121, April 17, 1980) as the unofficial theme of New Jersey's youth.

". . . legalized casino gambling has been approved by the citizens of New Jersey as a unique tool of urban redevelopment for Atlantic City . . . to attract new investment capital to New Jersey in general and Atlantic City in particular."

-(Casino Control Act, 1977)

New Jersey has probably been as maligned as any state in the union, the butt of jokes by New Yorkers and other East Coast residents who look upon it at best as a second-rate power, a state which suffers all the ills of industrial life without reaping any of the cultural benefits. It has often been referred to as a burial place for the remnants of gangland slayings, or as the void that exists beyond New York City--in short, a state with nothing to recommend it. Ironically, this ninth largest of the United States, which calls itself the

"Garden State," exists as a colony of sorts in the Northeast. Northern New Jersey is home to persons who work by day in New York City, and make the commute home at night to the New Jersey suburbs, where single-family dwellings are affordable. Although New Jersey's industrial base is substantial, it cannot be described as a rich state, and it became no richer during the 1970s. Symbolic, perhaps, of the state's dependency on its surrounding neighbors is the fact that there are no national network television affiliate stations located in New Jersey, a striking fact for a state of over 7 million people. (U.S. Bureau of the Census, 1980) Instead, New Jerseyans are forced to rely upon New York and Philadelphia television stations for their news.

New Jersey's reputation as a breeding ground of organized criminal activity and political corruption is not, however, the product of media exaggeration--the record of the past decade supports a Federal prosecutor's charge that organized crime blatantly controls New Jersey politics.

Mayor John Armellino of West New York, New Jersey, pleaded guilty in 1971 to conspiring with an organized crime boss to protect mob gambling activities. Mayor Thomas Whelan of Jersey City, along with seven other public officials, was convicted in 1971 of conspiring to extort money from companies doing business with the city and county governments. John B. Theurer, the Republican Chairman of Hudson County, pleaded guilty to charges of conspiring to appoint a county prosecutor who would protect mob gambling interests. Assemblyman Peter Moraites, the former Speaker of the New Jersey Assembly, pleaded guilty in 1971 to accepting illegal fees for helping various companies obtain \$2.4 million in "improvident" loans from a bank of which

Moraites was a director. The indictment had been handed down by a grand jury investigating organized crime and official corruption. Moraites, a former aide to New York Senator Jacob Javits, subsequently explained his resignation from the Assembly was ". . . not because I did anything wrong, but because I cannot operate effectively from jail." (Dorman, 1972:36-71)

Portions of New Jersey are lush and green, especially along the 127-mile-long Atlantic Ocean coastline, where a string of small resort towns fill up during the summer months with city dwellers on vacation.

Along this coastline, 134 miles from New York City and 60 miles from Philadelphia, sits Atlantic City, the "Queen of the Jersey Shore." Since the late 19th century, this resort town which combined the natural beauty of an Atlantic Ocean beach town with the manmade attractions of resort hotels, had symbolized extravagance and fantasy.

By the 1970s, however, Atlantic City was in decline. Its resort hotels, once considered the epitome of glamour and elegance, were aging. The emergence of air travel as an affordable option for vacationers cut into the clientele from which Atlantic City drew its customers. As people's vistas grew, Atlantic City began to pale in comparison to the beach resorts in the Bahamas and other Caribbean sites. And when it fell from a position of prominence and glamour, Atlantic City was quickly abandoned by tourists. One historian attributes this demise to the changing forms of travel and leisure:

". . . changing modes of transportation
practically destroyed the resort's ability to
attract patronage across class lines, threatened
the physical appearance of the city, and sapped

the illusion-creating potential the city once so vigorously exploited. Atlantic City did not 'fall'--it was abandoned--though a large part of its patronage continued to respond eagerly to what it offered, an important minority left it behind, to return no more." (Funnell, 1975:151)

Atlantic City had run out of appeal, and out of customers. It had degenerated into a ". . . crowded, noisy, dirty, garish, and cheerfully vulgar resort." (Funnell, 1975:157) Some drastic measure would be required to catapult the city to a position of respectability, even to a position where it could compete with other New Jersey resort towns.

That measure arrived in 1976, in the form of a referendum on the New Jersey ballot to permit legal casino gambling in Atlantic City, as a means of revitalizing the decaying resort town. And, while some observers were skeptical of the ability of Atlantic City to rebuild with enough flair to compete with Las Vegas for the gambling dollar, the events of the past three years have proved otherwise. In 1976, Atlantic City counted 3 million visitors. It now estimates that 14 million visit the city annually. (Atlantic City Press Bureau, 1981) Casino gamblers left nearly \$4 million behind daily in 1981 (Casino Control Commission, 1981), and property values climbed, a change that was unthinkable only five years ago. For instance, one of the city's busiest real estate speculators who bought 15 acres of land near the marina in 1975 for \$37,600 recently concluded an agreement to sell the property--now zoned for casino development--for \$20 million. (New York Times, 1980)

The new prosperity that has engulfed Atlantic City and enhanced New Jersey's tourist industry was not easy in coming. In fact, the success of the 1976 gambling referendum was somewhat of a surprise to political observers, who had witnessed the resounding defeat of a similar measure in 1974.

In November 1974, New Jersey voters had rejected, by a vote of 1.2 million to 800,000, a referendum which would have permitted casinos in New Jersey. (New Jersey Election Commission, 1977) While the indication was that such casinos would probably be restricted to resort areas such as Atlantic City, the initiative language itself did not specify where casinos could operate. Consequently, casino proponents later admitted that there was apparently a large number of voters who rejected the proposal primarily because they did not wish to see casinos in their own community. Sanford Weiner, the political consultant who ran the successful 1976 campaign, reiterated this opinion when he said about the 1974 measure, "I wouldn't have gone near it . . . the voters weren't going to buy it the way it was written. They didn't go for the idea of casinos in their backyards." (Weiner, 1978) The political wisdom about the 1974 vote was that many voters had feared the proliferation of casinos in the urban areas of New Jersey, and this fed an apprehension that gambling would prey upon those unprotected members of the working class who hoped to strike it rich, exactly the person who couldn't afford to squander even a small amount of a paycheck on games of chance. The Commission on the Review of the National Policy Toward Gambling recommended, in its 1976 final report, Gambling in America, that, ". . . legalization of casino gambling be restricted by the state to relatively isolated areas where

the impact on surrounding populations can be minimized." (Commission on the Review, 1976:102) Only in rare circumstances, the report went on, should casino gambling be permitted in a major metropolitan area. Las Vegas, by comparison, encircled as it is by the Mojave Desert, thrives in an enclave that sets the city off--gamblers have to decide to go there. In order for the issue of gambling preying upon the urban working class to fade, gambling legalization proponents realized in 1976 that they would have to emphasize the Atlantic City only angle, and stress the natural fit of casino gambling to a resort town like Atlantic City. If there were to be cities in the United States which were potential sites for casinos, it should obviously, following the Nevada model, be places like Atlantic City, Miami Beach, the Catskills, the Poconos--verifiable vacation spots, rather than the industrial metropolitan areas of New York City, Pittsburgh, Cleveland, or Baltimore. So already there was a sort of self selection involved in the legalization process. Only those states which could approach voters with the notion of the renovation of an existing tourist area--particularly one which caters to the type of tourist and conventioneer that Las Vegas attracts--would prevail.

The 1974 legalization referendum also allowed for state ownership and operation of the casinos, a provision which may have frightened away some potential supporters of privately owned casinos, who were unconvinced that the state of New Jersey should invest millions of dollars in a risky state-owned venture.

One of the most telling signs of the unattractiveness of casino gambling to voters in the 1974 campaign was the relatively unequal spending figures for the campaign. The anti-casino group "No Dice"

spent only \$30,000 in its successful opposition to the initiative, while casino proponents had invested a half million dollars in their effort to convince voters. (New Jersey Elections Commission, 1976) To many political observers in New Jersey in 1976, it seemed clear that the New Jersey electorate had resoundingly rejected casino gambling in 1974 as a method of taxation and economic development, and, unless some superior strategy was developed to sell the idea to voters at some later date, the issue would be dead in that state.

The subsequent success of the 1976 initiative can probably be attributed to the powerful political and economic base of the casino supporters and to their success in improving the enabling legislation for the legalization of casinos--specifying that casinos would operate only in Atlantic City, that they would be privately owned, and that the gaming taxes would be placed in a special fund within the state treasury and earmarked for tax relief programs for the elderly and disabled. Atlantic City had been heralded in 1974 as one obvious site for casinos. In the 1976 referendum package it would be the only location for casinos. More importantly, the 1976 success can be attributed to the emergence of a powerful alliance between Atlantic City real estate and development interests, Atlantic City legislators, the Governor of New Jersey, and a major casino corporation with reputed organized crime ties and a history of influence-buying in the Bahamas.

Several factors which surfaced between 1974 and 1976 undoubtedly increased the conduciveness of New Jersey voters to some sort of tax relief measure. The effects of the 1974 recession had made New Jersey taxpayers open to more sources of support, and the adoption of a state income tax in 1975 evidenced that need. (New Jersey Statutes, 1976)

But perhaps the crucial difference was the role of the state. The 1976 campaign was not a private effort pushed by special interests and developers. The state of New Jersey--in the persons of the Governor and influential Atlantic City legislators--gave their blessing to the referendum early, and wholeheartedly. In January 1976 New Jersey Governor Byrne threw his support behind a proposal that would permit casinos in New Jersey, given the three modifications mentioned earlier: Atlantic City only, private ownership, and tax relief for the elderly, and disabled. Byrne predicted that casino gambling's expansion to the East Coast was inevitable and appealed to New Jerseyans' sense of state pride: New Jersey should make the most of Atlantic City's potential and beat New York or Florida to the punch by legalizing casino gambling first. Byrne described the casino plan as an attempt to reverse Atlantic City's situation of decreasing revenues. (New York Times, 1976a) Large revenues--tax dollars, investment capital, convention spending--were all apparently waiting for the first Eastern state that legalized casinos.

Easterners could be considered particularly conducive to legalization appeals, since there were more gamblers in the general population there than in other regions of the country. One gambling commission's polls report that Northeasterners tended to participate more heavily in gambling (80%) than the national average (61%), and they had shown a willingness as far back as 1951 to support legalization of gambling, at a time when no other region of the country was so inclined. (Commission on the Review, 60)

Atlantic City officials and labor leaders were generally pleased with the Governor's decision. Even Atlantic City Police Chief William

Ten Brink stated at an early legislative hearing on the matter that gambling casinos were ". . . absolutely necessary to attract the 'risk capital' needed to revitalize the coastal resort town," (New York Times, 1976b) especially in light of reports that unemployment in Atlantic City had recently been as high as 25%.

Labor support for the casino proposal was similarly strong. Charles Marciante, the New Jersey President of the AFL-CIO, offered the strong support of labor, and called the casino concept ". . . a valuable means of revitalizing New Jersey's \$7 million tourist industry." (New York Times, 1976b) Gambling, he felt, would act as a catalyst which would benefit the entire New Jersey tourist business. Casinos in Atlantic City would hopefully spur depressed construction, tourist, and support industries.

A spokesman for the Central Labor Council of Atlantic City best illustrated the economic appeal of the crusade for gambling when he testified at a legislative hearing that, "The purpose in having casinos. in Atlantic City is to end hunger in Atlantic City and the surrounding area . . . to provide jobs for the jobless . . . to make Atlantic City a financial asset to the great State of New Jersey instead of a liability." (Levin, 1976)

But, before that could happen and the casino proponents could take advantage of the support of the AFL-CIO, the serious flaws of the 1974 initiative would have to be worked out. This was the immediate concern of the legislators who were sponsoring casino legislation. Two Atlantic City legislators, Assemblyman Stephen Perskie and Senator Joseph McGahn, introduced a resolution in the New Jersey state legislature to place a referendum on the November 1976 ballot to

legalize casino gambling in New Jersey. (New York Times, 1976c)

The bill contained a private ownership provision which would remove the state from the actual operation of gambling, and have several consequences. For one, it took the state out of the risky position of investing millions of dollars directly in a business which had been proven successful in a legal form in only one state. Another, more important consideration was that the state, now removed from the actual ownership and operation of casinos, could concentrate on strict involvement in gaming control. New Jersey would not be torn between promoting its state owned activity and adequately policing it to prevent organized crime from gaining a foothold, as it had done in every other locale where casinos were legal.

Finally, the bills introduced by Perskie and McGahn contained an important political and economic clause: rather than entering the state's general fund, any state taxes derived from the tax on casinos' gross gaming revenues would constitute a special fund to be used solely to reduce property taxes, utility taxes and rent for the elderly and disabled. Gambling proponents estimated that \$5 to \$15 million annually would be earmarked for this special fund, at least in the first few years of operation of Atlantic City casinos. It was a clear appeal to a powerful bloc of voters.

Perskie said of his bill: "This is a unique proposal. It proposes nothing less than the salvation of one of the major cities of New Jersey. We need help. We need assistance in a special form. We're not asking for money. We're not asking for a handout. We're not asking for state resources, state revenues to rebuild this community. We're asking for a vote to help ourselves." (New York Times, 1976d)

Perskie's resolution passed the New Jersey State Assembly on May 3, 1976, on a 52 to 23 vote, with four more than the necessary 48 votes. (New York Times, 1976d) Some opponents of the measure had predicted a "bureaucratic nightmare" if the state was forced to take on the role of gaming controller. But this, and other concerns about the involvement of organized crime, and the deleterious secondary effects associated with gambling, were not enough to stop that bill, or the Senate Bill which passed on June 28, by a 24 to 9 vote. Senator McGahn had assured his colleagues that the state of New Jersey would assume strict control over gambling, and that the Governor would veto any unreasonable number of licenses, and suggest appropriate methods of police control.

The supporters of the gambling referendum, buoyed by the Governor's support and the passage of the legislative resolutions, now turned their attention to the public campaign that needed to be waged if casinos were to be successfully legalized. The supporters remembered that pro-casino sentiment had been reversed in the late stages of the 1974 campaign, and that a half million dollar effort had been unsuccessful, surprisingly so, considering the early pro-legalization sentiment lead in public opinion polls. To protect against a reoccurrence of that reversal in 1976, the proponents recognized the need for a spirited campaign which would involve a wide spectrum of influential leaders. The naming of the support committee was the first indication of an evolving strategy: The Committee to Rebuild Atlantic City was the official pro-casino group. Moreover, to emphasize the "Atlantic City angle," and thereby to offset the antagonism of voters who had voted against gambling in 1974 because

they feared it might spread to their home districts, Mayor Joseph Lazarow of Atlantic City was named chairman of the Committee. (New York Times, 1976e)

To choose a campaign manager the proponents were less provincial. They went all the way to California to select a political consultant who had experience with referendums--a political process more developed in California than in New Jersey. (Weiner, 1978)

Sanford Weiner had earned a reputation as one of the country's most successful campaign managers. It was reported, upon Weiner's hiring by legalization proponents, that Weiner's firm had managed 172 political campaigns, 157 of those successfully. (Advertising Age, 1976) While there was some dispute over the exact figures of his referendum record, he was credited with having a long winning streak with such referendum measures.

Given the outcome of the 1974 legalization measure, Weiner approached the 1976 New Jersey campaign as one of his most difficult. He went in with the fear that the 1974 vote had established a track record of sorts for gambling initiatives. He sensed a geographic problem as well. Most of the voters in New Jersey live in the Northern part of the state, adjacent to New York City, while the immediate impact and benefit from gambling would accrue to Atlantic City and surrounding areas in the South. Finally, there was the problem of gambling itself. In order to legalize gambling, Weiner felt, the campaign would have to overcome many strong and fixed opinions, some imbued with religious fervor. The campaign would have overcome the fact that gambling itself, in Weiner's opinion, was "a bad word." (Weiner, 1978)

The polls that Weiner took upon his arrival in New Jersey in the summer of 1976 revealed a split in the New Jersey electorate on the gambling question: roughly one third supported legalization, one third was opposed, and one third undecided. The goal, for either side in the legalization campaign, was clearly to move that undecided third into their camps.

Casinos as Redevelopment: The Proponents' Campaign

"If we don't get it this time, you might
as well put a fence around Atlantic City and
put up a sign, 'Ghost Town.'"

- Atlantic City Gas Station Owner

(New York Times, 1976e)

Since money would not be an object--with \$1 million set as the budget--Weiner could afford to leave little to chance. He had to identify his potential supporters, the issues that troubled them, and the arguments that swayed them. Then his task would be to reach them in a convincing way. "Where opposition was known to exist," one New Jersey magazine reported, "sound trucks and canvassers were sent in to neutralize it. Where indecision was detected, media ads were increased to saturation levels and brochures distributed by the hundreds of thousands." (Douglas, 1977:23)

As previously mentioned, Weiner began his work with demographic surveys and polls of potential New Jersey voters. Thirty-four percent of those voters polled in an August survey favored casinos in Atlantic City. Another 31% opposed it. Naturally, the final undecided 35% was the prize that both sides sought to capture. The most important

finding of that early poll was that 78% of those surveyed believed that casinos could generate significant revenues for the state.

(Douglas, 1977:23-24)

Surrounded on one side by the near fiscal collapse of New York City (Alcaly and Mermelstein, 1977; Auletta, 1980; McClelland and Magdovitz, 1981) and the enactment of New Jersey state income tax in 1975, New Jersey voters were primed for an appeal to their financial worries. In the summer of 1976 the New Jersey casino gambling proponents were in the perfect position to present casino gambling as a revenue raising mechanism which would soften the impact of an imminent fiscal crisis. It soon became clear in New Jersey that the pro-casino campaign sought to take advantage of this. With this strategy in mind, proponents were willing to gamble that a revenue-based appeal to voters would establish a few ideas in the consciousness of the electorate:

a) Gambling was not an evil, parasitical activity which wrecked homes, sent degenerate gamblers to the poor house, or depended upon the improvidence of the lower class for its profits. Rather, it was an increasingly middle-class--even family oriented--leisure-time activity which relied upon the discretionary income of vacationing tourists, who had allotted a certain amount of their entertainment money for losses at the gambling tables;

b) Unlike alcohol or drug use, gambling did not exhibit any necessarily detrimental features. In fact, it wouldn't be difficult to see the similarity between gambling and other, more socially acceptable forms of specialization and risk taking, the stock market being the most obvious example;

c) Gambling has been a pastime since early times, and no governmental prohibition has ever been able to effectively stamp it out. The only effect of such government action in 20th century America has been to drive gambling underground, where it thrives as one of the major revenue-producing activities of organized criminal syndicates. It would make sense as a policy imperative--especially given the contours of the fiscal crisis--to bring at least this one portion of the underground economic sector back into the mainstream economy. One consequence would be to take profits away from the organized crime syndicates which controlled illegal gambling and pump them into the "above-ground" economy. It was outmoded and overly moralistic to try to control individual gambling behavior by refusing to permit legal forms of an activity that people desired--indeed, would travel across the country to participate in;

d) Certainly, there were worries about organized crime, but these fears would have to be allayed through the designing of the "strictest gaming controls in the world."

The pro-legalization materials made these appeals explicit and graphic. "When you vote 'yes' for casinos in Atlantic City," Weiner's major campaign advertisement read, "and only Atlantic City--you'll be helping yourself. Because every resident of New Jersey will benefit directly." In the following ways:

First, "new revenues will pour in, state-wide." The advertisement mentioned an estimated \$58 million in annual tax revenue for the state within ten years. Business all over the state would be generated.

Next, "we'll get dramatic help with unemployment, state-wide." By 1980, 19,000 jobs would be created, according to the supporters,

and 33,000 by 1985. "That's year round work."

"And help for our senior citizens and disabled residents." A special fund would be established which would pour \$30 million annually by 1985 directly into property tax, rent, and utility relief for these special populations.

Finally, "the safeguards are built-in." Quiet, tasteful, European-style casinos were promised. Las Vegas--as an example of gambling running to excess--became an important campaign issue. Gambling wouldn't run rampant in Atlantic City, the proponents promised, and a state gaming commission would license, regulate, and audit all casino operations. (Committee to Rebuild, 1976)

As indicated by the last point, gaming control was a salient issue in the campaign. The state's ability to prevent organized crime infiltration of a legalized gambling industry was central to the debate between opponents and supporters of the referendum. If the proponents could convince the undecided that state control would be stringent and effective, then defeat would be foreclosed. For, while the 1974 successful opposition campaign had believed their "morality" issue to have triumphed, Weiner believed instead that the gambling advocates had lost because of their incompetence and lack of direction. Weiner's surveys revealed that there was at most 10 to 12 percent of the electorate who were opposed to gambling on strictly moral grounds. There was an additional ten to twenty percent who were dead set against gambling, but because of the issues that would form the campaign debate: organized crime, economic benefits, and the propensity of gambling to run rampant once legalized.

The Opponents' Campaign

The opposition to casino gambling in 1974 had largely been centered around religious leaders, who had combined the position and constituencies of their office with a small amount of campaign funds to torpedo the gambling initiative. The group that formed in opposition to the 1974 measure reappeared in 1976, but did not recreate the organization that had successfully thwarted gambling. There were two sources of opposition in 1976: church groups brought up the inherent immorality of gambling, and law enforcement officials expressed their concern over possible organized crime infiltration of the legalized casino industry.

The representative of the New Jersey Council of Churches presented the church opposition when he declared casino gambling to be a ". . . paltry, piecemeal approach to a serious problem," namely, Atlantic City's economic depression. The Legislature, Reverend Layton Anderson stressed, would lose its credibility with the public if it put forth casino gambling as an economic solution. (New York Times, 1976b)

If the church position appealed to those who had strong, moral opposition to gambling as an activity, the opposition of law enforcement officials was aimed at a potentially larger audience. If casinos were legalized, they argued, most would certainly be infiltrated and controlled by organized criminal interests. One state police official argued this position before the legislature, when it held hearings into the matter, speculating that if casino gambling were to be legalized in New Jersey, "mobsters would undoubtedly be used to collect gaming debts." (New York Times, 1976b) A casino cannot exist without allowing patrons to gamble on credit, he explained, and the New Jersey

mob--which he alleged as being active in the collection of gaming debts for Las Vegas casinos--would be used to collect debts generated in the Atlantic City casinos. The New Jersey state police, he continued, had evidence of organized crime connections to Nevada casinos, and there was no good reason for New Jersey legislators to believe that Atlantic City could escape the same fate.

Another law enforcement official who voiced the same objections, United States Attorney Jonathan Goldstein, warned that legalization would attract criminals to Atlantic City and cause irreparable damage to the community, while only benefitting a few people. A growth of family and social problems would result, he felt, as well as the spread of crime and government corruption. "It makes no sense at all," Goldstein said, "to create in our state an environment that is certain to attract criminals of every type." (New York Times, 1976f)

These two fronts--church representatives and law enforcement officials--comprised the opposition to gambling. But even before the advertising blitz could saturate the New Jersey electorate, the opponents of the measure attempted to have it removed from the ballot for alleged unconstitutionality. Under New Jersey law, a proposal, once defeated on a referendum vote, could not be brought back for a vote in substantially the same form until three elections had passed.

Assemblyman Perskie had earlier obtained an opinion from the state Attorney General certifying the constitutionality of the referendum. In the opinion, Attorney General William Hyland wrote that the 1976 measure was substantially different because of the three major changes: gambling in one locality only, private operation of the casinos, and proceeds to the elderly.

With the institutional challenge rebuffed, the opponents tried to reassemble the successful 1974 coalition. The source and substance of the opposition was significantly different in 1976 than in 1974. The coalition which had successfully opposed casinos in 1974, and had done so with a small amount of money, did not reappear in the same form or with the same strength in 1976. Horse racing interests, which had opposed the 1974 measure, indicated they would not do so in 1976. A state senator who was a prominent anti-gambling advocate in 1974 declined to take an active role. The Attorney General, who had been an outspoken opponent in 1974, was less vociferous in 1976. The primary opposition came from the churches, who retained the name of the successful 1974 coalition: Casino:No Dice. Still, despite the imbalance in campaign financing--the churches knew they would be up against a million dollar pro-legalization effort--the general secretary of the Council of Churches believed that ". . . no amount of money could match hundreds of sermons from church pulpits." (New York Times, 1976h)

This absence of a powerful coalition in no way meant that the opposition lacked powerful supporters. The New York Times consistently sided with the gambling opponents, charging in one editorial, titled "Degrading Atlantic City," that, with legalization, New Jersey voters will ". . . invite a cure worse than the disease," and ". . . play directly into the hands of crooks, gamblers and speculators." (New York Times, 1976i)

Despite the power of the New York Times editorial--and presuming that New York-based editorials against New Jersey legalization wouldn't be interpreted as interference in the politics of another state--

the reality of the legalization opposition was its reliance upon the church base.

In addition to problems this caused in raising campaign funds and widening the base of the opposition, the reliance upon church-based opposition committed the anti-gambling group to an attack on the morality of gambling itself. In so doing, the opponents failed to mount an effective attack on the issues of organized crime, the extent of economic development promised by proponents and the issue of the proliferation of gambling, once legalized.

With the themes of the two sides of the campaign established--and limited, as a result of their respective composition--the battle for the undecided vote began. The ability of either side to frame the legalization question in a way which would capitalize on the political sentiments of the New Jersey electorate would be crucial. When New Jersey voters made a decision on the legalization question in November, they would, as a New York Times article put it, ". . . decide between the state's need for revenue and the moral objectives that have been raised." (New York Times, 1976i) But they would decide within the contours of a debate framed by the revenue-conscious legalization advocates and the morality-minded, church-based opposition.

Campaign Financing and the Organized Crime Question

It was clear to Weiner that if the casino proponents expected to succeed where they had failed in 1974--to create a united front that could withstand the attacks of the church-led opponents--they had to raise at least \$1 million, spend it wisely, and attract a wide spectrum of support for the referendum. Toward this end, the casino proponents

turned to big business, to small businesspersons, doctors, lawyers, and to hotel and motel operators for support. But primarily, the support for the referendum came from Atlantic City interests. Nearly sixty percent of the contributions received on behalf of the referendum came from contributors listing Atlantic City addresses. (New Jersey Elections Commission, 1976) Another \$200,000, or roughly 20% of the total, was given by Resorts International, a Miami-based casino gambling corporation, which operated a casino in the Bahamas, and which has long been suspected of ties to noted organized criminal figure Meyer Lansky. In addition, the second largest contributor, the Chalfonte-Haddon Hall Hotel in Atlantic City, was owned by a fully-owned subsidiary of Resorts International. (New Jersey Elections Commission, 1976)

The disparity between the funds of the supporters and the opponents cannot be overemphasized. The committees supporting casino gambling took in and spent \$1,330,615, while the committees opposing it took in \$23,230 and spent \$21,250. (New Jersey Elections Commission, 1976) In fact, there were four pro-casino contributors---Resorts, the Chalfonte-Haddon Hall, the Atlantic City Press and Sunday Press, and Howard Johnson's---who each gave more money to the pro-casino side than the entire operating budget of the opposing committees.

It may become more clear that the basis for the referendum support among New Jersey corporate interests was strong when one considers the size of the contributions. Despite the emphasis that the legalization of casino gambling was meant to aid the unemployed of Atlantic City, the elderly and disabled, and those who were suffering from rising

taxes, the support for the referendum came in large amounts from corporate interests. Less than 10% of the \$1.37 million for the referendum came in contributions of \$100 or less.

On the other side, the small amount that was received by the anti-casino committees was evenly split between those contributions of \$100 or less, and those of \$100 or more. In fact, there was no contribution of \$5000 or more to the anti-casino side.

There is no mystery why Resorts International would be interested in having an early advantage for Atlantic City gambling. In a highly speculative business, the opportunity to be the first casino in operation was an exciting prospect. The rise of Resorts publicly traded "A" stock from a low of 2 in 1976 to a high of 210 two years later confirms that their \$350,000 contribution was a sound idea. (Mahon, 1978)

But if there is any mystery, it is about the nature of Resorts International, with its links to Meyer Lansky, its legacy of corrupting political officials in the Bahamas, and its entrance, on a grand scale, into New Jersey.

If the alleged tie to Lansky and other renowned organized criminals was true, why then did the Governor of New Jersey support a campaign which depended on a sizeable amount of money from Resorts? If the allegations were not true, then what were the facts of Resorts history? Was there a cynicism in New Jersey about such things as organized crime? Were public officials bought off? Why didn't the opponents of casinos--bankers, perhaps, and ministers and law enforcement officials, and the press--concentrate on the fact that their state was about to let an organized crime-controlled corporation become one of the state's more prominent economic actors? According to a poll

taken by the Eagleton Institute of Rutgers, two-thirds of the respondents felt uneasiness with the organized crime issue. (New York Times, 1976h)

There were several reasons why organized crime was defused as the vital issue in the campaign. (a) Legalization opponents didn't seize upon the organized crime question, dwelling more on the morality of gambling; (b) No state officials--Goldstein was a federal law-enforcement official--came forward to portray a Resorts-backed campaign as a threat to New Jersey; (c) Gambling proponents were able to emphasize that the state of New Jersey--whose officials didn't speak to the possibility of organized crime infiltration of a legalized casino gambling industry in New Jersey--could devise, enact and implement strict controls; (d) Those crucial state officials who might have rejected Resorts as a partner in New Jersey's redevelopment instead invited the disreputable corporation to become an early investor in Atlantic City casino gaming.

Conclusion: The Selling of Casino Gambling

"You don't sell casino gambling. You sell the benefits of a thing called casino gambling. People don't care two cents who's standing around a roulette table. They care about what is going to put money in their pockets."

- Sanford Weiner (Bearak, 1978:8)

Speaking in 1978, one New Jersey state official who had figured prominently in state planning for gaming control gave his ideas on the success of the 1976 casino gambling initiative: "They sold it to

a lot of people in a lot more sophisticated way, that's what it boiled down to." (Martinez, 1978)

To that official, the success of the legalization drive was due to a combination of factors: more money to spend, more effective campaign strategy, and the changing significant parts of the 1974 measure. The political base was more cohesive the second time, and the fiscal crisis more telling, but the fundamental turnaround came on the ability of gambling proponents to sell gambling to the voters.

If the campaign which Weiner directed was sophisticated, it was so in both style and substance. Once the most salient arguments for legalization were set--economic development, tax revenues and strict control--Weiner oversaw the production of commercials and campaign literature which highlighted these issues.

One effective pro-legalization counter-appeal to the voters featured a New Jersey county sheriff promising voters that controls would be imposed and that they would work--organized crime would be kept out. Weiner considered this his most effective ad. (Weiner, 1978) A second television spot dramatized the economic benefits of legalization, and in yet another labor officials talked about New Jersey's unemployment rate--then the highest in the country--and the jobs that gambling would create. The legalization proponents, as well as endorsers of the gambling referendum, constantly emphasized that legalization was needed because of the financial benefits involved. As the New Jersey Society of Architects, in endorsing the referendum, expressed it, a large vote for casino gambling would be a vote for more work, rather than one for gambling. (New York Times, 1976h) The effect of this framing of the debate was to shift the discussion to

the benefits of legalization, which were economic, not social. Legalization was not meant to undo the social ills of criminalization--to keep gamblers from being designated as criminals, for example. It was meant, as the New Jersey legislature explicitly stated, to relieve the fiscal crisis of the state. With this type of support, and within the framework established by the opponents' objections, Weiner's campaign sold casino gambling to the voters from two angles. It quieted fears, mainly through the effective Assembly bill, and the promise of strong controls. Indeed, Weiner felt that the Assembly bill--promising strict controls--was especially important as a public document during the campaign. Secondly, the campaign sold hope--for jobs, tax relief, and redevelopment for Atlantic City.

The first was achieved primarily through the writing of an effective Assembly bill, which promised strong controls. The latter, the exploitation of hopes, was made through promises which were nonetheless attainable--jobs, tax relief, and the redevelopment of Atlantic City.

As a state that was suffering the effect of the fiscal crisis that impacted the Northeast harder than any other region--suffering loss of jobs, a faltering industrial base, and lessening tax revenues--New Jersey was particularly susceptible to a call for redevelopment through an innovative means such as the legalization of casino gambling.

The pro-gambling side ran a well-financed and well-developed campaign; of the opposition, the most generous assessment of their effort is that they were overmatched financially, and that they could not repeat their 1974 performance. There could be several reasons for this. For one, the gambling advocates were much more organized and

ran a professional campaign. For another, the provisions of the new bill allayed the fears of the voters that gambling would spread into their community, and that the state of New Jersey would, as the owner and operator, be taking a risk in operating casinos. (Unlike lotteries, states can lose at casinos: casinos do go out of business.) Once the state was not proposed to be an operator, it could more aggressively adopt the role of enforcer of the "strictest gaming control statutes in the world." While promoting casinos with one hand, the state could promise to strictly supervise casino operations with the other--a position that hypothetically was not nonsense, but one which had proved in the actual situation of Nevada to be improbable. Still, as long as Nevada was referred to as a negative model--and especially since it was the only state to permit casino gambling--this problem of political and economic dependence upon the casinos could be portrayed as a Nevada anomaly, one which the New Jersey enabling legislation could easily remedy.

Moreover, the limitation of casinos to Atlantic City was more than a limitation which excepted the other areas of the states; it also concentrated the campaign for casinos on the redevelopment of a once prosperous resort--in other words, a place that was dedicated to the exaltation of fun and play above all else, and which would otherwise continue to decay. Some casino opponents believed that casino gambling would only attract criminals and benefit only a few speculators--a position which has its basis in the history of Las Vegas as a gathering place and investment opportunity for American organized criminal families. However, the gambling advocates were able to emphasize the opposite: that gambling would attract many,

especially out of state residents, who might otherwise spend their vacation and convention dollars elsewhere. Thereby, the residents of New Jersey--no matter if they ever expected to visit Atlantic City to gamble, or how they felt about the appropriateness of the state legalizing and taxing a vice--would benefit from legalization.

Still, the question of the opposition remains crucial. The lack of financing for a campaign against casinos was an important factor. So too was the fragmentation of the 1974 coalition that had successfully defeated a much more expensive proponent campaign. The prominent opponents--state legislators, the attorney general, parimutuel interests--were not present in the same manner that they had been two years prior. Perhaps even the 1974 results had a deleterious effect upon the opponents. Perhaps they actually believed, as one minister put it, that no amount of money could match the sermons from pulpits that were to be resounding an anti-gambling message. Most importantly, the active support of the Governor of New Jersey for the referendum, as well as the presence of support from other powerful interests in the state--people that otherwise, in other states, or in the past, or under other circumstances, might be less willing to come forward and commit money and support--not only pushed the measure forward, but cut off the opponents from powerful, prominent, and well-financed means of opposition.

Although the New York Times took an early and strong editorial stand against legalization, it could even be considered that such a posture only strengthened New Jersey voters in their decision to favor casinos. For instance, New York had to be seen as a competitor to neighboring New Jersey for future convention business and tourist

trade resulting from casinos. It could be easy for New Jerseyans to construe the Times' opposition as New York-based opposition, in anticipation of the day when New York might adopt casinos and compete successfully with New Jersey. Indeed, what indigenous New Jersey media existed supported the referendum. With the anti-gambling side cut off from any powerful base in the state, it was forced to rely upon the churches and their moral condemnation of gambling as the basis of opposition, a position that was neither the most successful nor sophisticated route to counter the professional, reasonable, and fiscally-oriented messages of the supporters. This seems especially crucial when one considers one finding of Weiner's original poll, that only 10% of the New Jersey electorate were adamantly opposed, on moral grounds, to casino gambling.

Perhaps something more important historically had caused the change. Between 1974 and 1976 a few important events had shaken the faith of Americans in this country's ability to progress as before, with a certain amount of integrity and optimism. Between 1974 and 1976, communist forces in Vietnam had finally prevailed, bringing to an end this country's twenty year attempt to prop up an unpopular government. Between 1974 and 1976, the President of the United States had been impeached for his role in one of the most massive scandals in the history of the presidency, and had been forced to resign from office. Those in power in Washington had been revealed to be no less susceptible than neighborhood policemen in soliciting and accepting bribes, no more regulated by the laws of the land than petty thieves. Was it any wonder that, in the face of such a national trauma, a cynical attitude about the wisdom and effectiveness of legislating morality and

prohibiting popular vice developed in a state like New Jersey--with its legacy of political corruption? It is clearly significant that 40% of the voters explained that they supported casino legalization even if it resulted in an increase in organized crime in their state.

If New Jersey chose legalization, one might think that other states would follow. And although Florida was geographically and socially far different from New Jersey, it might be expected to exhibit some of the same characteristics and attitudes toward the law as New Jersey did in the 1976 campaign. This certainly was the hope of those Florida hotel owners who brought Sanford Weiner to Florida, hopefully to reproduce his success in New Jersey. What they did not anticipate is that the rise of a powerful and wide-based opposition would attack casinos on precisely the grounds that the New Jersey opposition had chosen to ignore. Perhaps Florida, with its sizeable Baptist population did not provide the most conducive atmosphere for legalization. But Weiner didn't think that when he went in. He thought, to the contrary, that it was more of a "natural" than New Jersey. Instead, there is a different story to be told in Florida, one of competing post-Watergate morality, of a reform-minded governor and a cohesive financial and business community, which opposed the introduction of questionable casino operators into their state's tourist industry, which opposed the notion of a Miami which saw itself as a burgeoning trade and financial capital for the Western Hemisphere--incorporating disreputable elements into its economy.

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CHAPTER 6

FLORIDA 1978: "PAINLESS PROSPERITY" CHALLENGED

"Some people say casino gambling is the best way to get new jobs. New industries and casino gambling simply do not go together. In the last few years, we have built up momentum in bringing new jobs to Florida, because we have beautiful weather, no personal income tax, and stable government. Casinos will severely damage these efforts to bring challenging, high paying jobs to our people throughout Florida. Casinos are a bad risk. Who needs casino gambling? We don't."

- Florida Governor Reubin Askew
1978 anti-casino television
commercial

On November 4, 1978, Florida voters overwhelmingly rejected a proposal to legalize casinos along the Gold Coast -- and Miami Beach in particular. (Secretary of State, 1978) By a lopsided 73 to 27 margin, opponents of the casino legalization measure, led by two-term Governor Reubin Askew, carried every county in Florida and beat back a referendum similar in style and substance to the successful 1976 New Jersey initiative.

There were many obvious differences between the two states, which might account for the disparity in the vote, and notably two:

1. Florida has a large Baptist population, and is generally regarded as a politically conservative state.
2. Florida's economy, including its tourist economy, was strong.

This chapter considers those factors, but uses a more dynamic variable in explaining the anti-casino vote in Florida. As late as August 1978, polls conducted for the casino opposition had concluded that, while the November gambling contest appeared close, the momentum of the election appeared to be with the gambling proponents. (Hamilton, 1978a) In a few months between those polls and the November election,

a spirited campaign against casinos led by influential South Florida commercial interests -- something that had been absent in the New Jersey case -- appeared, and turned a once-close contest into a one-sided race.

There were a few things that one could hold to with any certainty in the late 1970s in the United States. The price of gasoline, once predictably stable, was no longer one of those things. Nor was the integrity of the office of the presidency, which had been tarnished by the scandals surrounding Richard Nixon. Even the soap box derby was found to have been tampered with by one youthful contestant. Perhaps the one thing that a person could predict was that, night after night, Walter Cronkite, reputedly the most trusted man in America, would be at his desk on the CBS Evening News, and would tell his fellow countrymen -- who could no longer believe their president -- what was happening in the world. While presidents and politicians slipped in their credibility, Walter Cronkite remained a symbol of integrity and security.

Reubin Askew, the Democratic Governor of Florida from 1970 to 1979, holds an honor of some distinction. According to political pollsters, Askew was the one public official who ranked higher than Walter Cronkite on the "trust index," a measure designed to gauge the trust of the respondents to public figures. (Krog, 1979) While other things might not be taken for granted, Floridians could hold onto one thing: their Governor, a strict, God-fearing Presbyterian with the easy-going charm of a Southern gentleman, could be trusted.

So it was that the proponents of casino gambling along Miami's Gold Coast -- the beachfront hotel resort area beginning at Miami Beach and extending north for 21 miles to South Hollywood -- had to be worried when Reubin Askew decided to make the opposition to a casino gambling referendum on the November 1978 ballot the most important issue for the

remaining months of his second term. The decision by Askew to throw his considerable political influence behind the effort to defeat casinos in Florida was not made lightly, and, once it was made, was not to be one man's moral crusade against gambling. It was a political and economic commitment made by a popular politician, who then encouraged the participation of the Florida power elite -- business community, especially bankers and newspaper publishers. Until Askew's decision to dedicate himself to the campaign, Florida had been touted as a natural for the legalization of casino gambling, as a means of revitalizing the declining Miami Beach area.

When it appeared, in late June 1978, that the pro-casino Let's Help Florida Committee would acquire the signatures necessary to place a referendum calling for the legalization of casinos along the Gold Coast on the November ballot, Governor Askew convened a breakfast meeting of some of his most influential supporters, at which he asked the business elite of Miami to pledge their financial and political support to an anti-casino campaign. Askew had indicated a month earlier his willingness to campaign against a casino gambling referendum, which he thought would be a tragic moral and economic mistake for the state of Florida. "What kind of a community and state do we want to live in?" he asked at the May 1978 anti-casino gathering convened by Floridians Against Casino Takeover. (Askew, 1978a) "Can government build economic strength by catering to people's weaknesses? Should government try to exploit the people? Is this any way to lead?" Askew called casino gambling -- which had been proposed as a means of economic development by the state of New Jersey -- as an "illusory quick fix" for economic development in Florida. Askew touched on a number of points in his May speech and his June address, points which would later reverberate as the key themes of the

anti-casino campaign.

Legalization will lead to crime and corruption. "If we take the wrong road and admit casinos to Florida, we will wake up one day to discover that they have infiltrated the politics and life-style of the state and have spread their influence to every corner of Florida. Casinos are an invitation to the further expansion of crime at a time when we are fighting to contain crime. It is said that organized crime can be kept out of casino gambling because the state would regulate it and inspect the background of everyone connected with it. Anyone who knows anything of Las Vegas knows that isn't nearly enough. The large amounts of fast money that are attracted to legalized gambling attract the criminal element in its turn like blood attracts sharks.

Legalization would damage Florida's existing tourist economy. "Casinos may bring a certain kind of tourist to Florida, but they will just as surely keep away other families. The voters of Florida shouldn't recklessly exchange the stability that they cherish and that is becoming so attractive to the rest of an unstable world, for the sleazy carnival atmosphere of a gambling resort. Legalized casino gambling would seriously damage the tourist industry in Florida. And it would not replace tourism as a source of revenue or as a source of jobs.

Legalization would jeopardize decent economic advances and development potential. "We have been trying to balance the Florida economy by recruiting solid business and industry. We want our new private corporate citizens to feel this is a state in which they want to invest their money. Miami is growing as an international crossroads of banking and commerce. The tarnished image of casino gambling is completely inconsistent and counterproductive with all our efforts.

The changes in Florida society will not be minimal. This is not an issue to be taken lightly: "These are not small changes. They are serious and drastic alterations in the future of Florida." (Askew, 1978 a,b)

Florida needed to act rationally, to weigh the costs and benefits of legalization, rather than be swept up in the gambling rush.

Gambling experts seriously considered that Florida might burst ahead of Atlantic City in the casino business, as Sanford Weiner told the Wall Steet Journal: "I wouldn't be surprised if we had two or three casinos in operation here before New Jersey has its second." (Koten, 1978) New Jersey legislators had considered this possibility when constructing the temporary licensing provision. Askew sought to turn the rush rationale of "Why not have casinos? Beat the rush. Get there before New York or New Orleans" on its head, and argue instead, "Why have it here? What will we gain?" Perhaps the most crucial early signal of Askew's approach was his promise to separate his personal moral beliefs from his political and economic objections. Instead of concentrating on the inherent immorality of gambling as behavior, Askew turned his focus to " . . . the criminal element that follows it, the social tragedy it creates among the weak-willed and the weak-minded, the fact that gambling is subject to manipulation and rarely produces as much tax revenue as promised by its advocates. "It's one thing to visit Las Vegas and go on a spree, and it's another thing entirely to drag Las Vegas home with you and set it up in your own community." (Askew, 1978a,b)

Askew was unfortunately unable to fix his anti-casino campaign to any political momentum generated by anti-legalization sentiment. No major scandals had occurred in Nevada in 1978 to offset the growing respectability of the casino gambling industry there. The first New Jersey casino

had opened on the Memorial Day weekend and was doing brisk business, and Business Week had published a cover story -- "The Boom in Gambling" in which gambling was referred to as America's newest growth industry -- at the same time that pro-casino forces were attempting to secure Florida signatures. (Business Week, 1978) If anything, momentum was building for the legalization of casinos in selected areas along the East Coast. New Yorkers and Pennsylvanians were considering legislation and referendum measures which would permit the operation of casinos in resort areas in their states to duplicate Atlantic City's seemingly miracle revitalization.

In the face of such momentum, Askew realized that such a strong effort would be necessary to offset the attractive revenue and economic development arguments of casino proponents. In New Jersey, lack of opposition by prominent financial and political interests had created a void, and led to the success of the pro-casino side. And, before Askew acted, the opposition in Florida was not off to an encouraging start. The prominent opposition group, FACT, a coalition of clergy, law enforcement agencies and citizens groups, had not stirred up any notable broad-based opposition -- polls reportedly showed the measure even or ahead. (Krog, 1978; Elfman, 1979; Weiner, 1979) Since no visible, broad-based opposition to casinos had emerged, Askew began to mobilize forces at the June breakfast meeting. Ten of his closest friends and political allies were asked to contribute \$25,000 apiece, to offset the expected \$1 million campaign chest of the proponents. Miami Herald publisher Alvah Chapman, Jr., explained he was willing to contribute \$25,000 and to encourage his associates to do so, because he realized that only a well-financed anti-casino campaign would allow Floridians to make a reasoned decision. (Chapman, 1978)

The Legalization measure

Casino proponents based their analysis of the economic impact of casinos on a number of assumptions:

- a) The constitutional amendment permitting legalized casino gambling in Miami Beach would be passed in 1978 and enabling legislation would be provided by the Florida Legislature in 1979.
- b) A state-controlled casino control agency, similar to the agencies in Nevada and New Jersey, would be in operation, and would receive applications and issue licenses in early 1980.
- c) By the period 1990-1995, approximately 15 casino hotels would have received licenses and will be in operation.
- d) Of the 15 licensed casino hotel operations, 8 would be newly constructed hotels and 7 refurbished hotels.
- e) Licensing requirements by the Florida casino control agency would call for a minimum of 400 to 500 hotel rooms and a minimum of 30,000 to 40,000 square feet of casino floor space, plus appropriate theaters, exhibition space and public areas. Free-standing casinos and other detrimental aspects of casino gaming would not be permitted.
- f) The gaming control agency would be self-supporting by annual license fees and investigation assessments. For purposes of this analysis, we have calculated those fees at two percent of gross gaming revenues.
- g) The state of Florida would receive six percent of the total gaming revenues, to be used for purposes to be identified in state legislation which would implement the results of the

referendum. (Let's Help Florida, 1978a; Economic Research Associates, 1978a)

The legalization model and the advertised benefits were generally similar to the successful New Jersey model. In New Jersey, a special fund provision of the legalization proposal had earmarked the state's tax revenues from casinos for senior citizens and the disabled. In Florida, the taxes were to be set aside for education and law enforcement. In this way, the pro-legalization Let's Help Florida Committee hoped to counter a major source of opposition: that the increase in legal gambling would lead to a rise in street crime, organized crime and public corruption, and that whatever revenues were produced would merely be offset by the rising costs of local law enforcement. The education and law enforcement provision had a special attraction for the state of Florida. The special fund would be divided into equal parts among all 67 Florida counties. (Let's Help Florida, 1978b) This meant that the population-rich South Florida area -- particularly Dade and Broward counties, which include Miami, Miami Beach, and the surrounding suburbs -- would receive the same share as less populated counties in the central and northern areas of the state. In this way, the casino proponents were promising those counties which would not directly benefit from casinos -- by way of jobs, increased tourism, and construction -- a greater share of the tax revenues.

For Dade County, there would still be enough of a reward, according to the pro-casino advertisements: \$147,734,000 increase in tax revenue to Dade County, with a 39.2% decrease in county property tax or an increase in services and a stabilization of rent; \$37 million annually directly paid to the Dade County Schools; 89,000 new jobs for Dade resi-

dents, and \$1.7 billion in new payrolls; and \$3.7 billion spent on construction of hotels, apartments and houses. (Let's Help Florida, 1978b) These features were meant to duplicate some of the successful steps in the New Jersey legalization process, and the Nevada gaming control and taxation structure. (Weiner, 1978) But if the success of New Jersey was to be replicated in Florida, these measures would have to be sold to a population far different politically, religiously and culturally in a state which was not particularly suffering a fiscal crisis.

Florida's Economic and Political Profile

Florida is the eighth largest of the United States, with a population in 1978 of 8,661,000. (U.S. Bureau of the Census, 1980) Its per capita income of \$5,638 in 1975 ranked 28th in the country, in the middle of the 50 states, but second highest in the Southeast region, the poorest sector of the country. (U.S. Department of Commerce, 1976) The tax burden in Florida is relatively light, evidenced by its standing as 43rd for the percentage of personal income in support of government services. Even more significantly, this percentage was being reduced in the 1970s, at the same time that the national average was rising. Similar reduction in property tax burdens was experienced in only four other states -- Idaho, Kansas, North Dakota and South Dakota -- none of them nearly of the size or stature of Florida. (Greater Miami, 1978a)

Between 1967 and 1975, Florida's per capita property tax revenues grew at an annual rate of 5.2%, 34% below the national average increase. Only 9 states experienced lower annual increases. The property-tax burden in Florida remained relatively constant between 1942 and 1975,

while the national average grew by 21.6%.

In 1974-75, Florida ranked 41st in the country in per capita total general expenditures, 48th in public welfare expenditures, 39th in funds spent on highways, 35th on aid to all education, 12th in money spent for police protection and 23rd in fire protection, and 8th in spending for health and hospitals. This last figure probably reflects the unique characteristics of the Florida population -- Florida ranks first in the nation in the percentage of senior citizens, with 16.7% of the population so classified, and last in the concentration of school-aged population. (Greater Miami, 1978) At the same time, Miami was just beginning to emerge as an important international trade and banking center, a development which was welcomed by the Miami Chamber of Commerce and leaders of the business community there. (Chapman, 1978; Bomar, 1978; Hall Graphics, 1978) Eleven U.S. banks opened Miami branches during the last decade to cater to the Latin trade and eight foreign banks have opened similar branches; cargo shipments out of Miami -- 80% of which go to Latin American countries -- have tripled in the last 10 years; Miami has become the key U.S. link with South America. Only New York, among U.S. cities, has more banks specializing in international transactions. (Peterson, 1978)

The state of Florida boasts more miles of coastline than any state except Alaska. What this has meant historically is that the state enjoys a relative amount of autonomy from its neighboring Southern states, since it borders states only at its northern extreme. Those miles of coastline have also apparently made Florida the most conducive state for drug trafficking. (New York Times, 1981)

Florida itself has been described as a combination of four

relatively distinct social and political areas. (1) The Northernmost section -- the Panhandle -- stretches out from Jacksonville on the east coast, through Gainesville and Tallahassee to Pensacola -- Reubin Askew's home town -- on the western side, and is considered typically Southern, politically. It has been described as a rural redneck area, and is well-populated by strict Baptists who are largely registered as Democrats. (Krog, 1978) In an August 1978 poll, residents of this area opposed casino legalization by a 59-28 margin. (Hamilton, 1978a) (2) The middle section of the state begins at Daytona Beach on the East, winds through Orlando, Tampa, St. Petersburg, Sarasota, and ends in Fort Myers. It is often referred to as the "I-4 Corridor," from the name of the interstate freeway that connects those cities. This area contains probably 50 to 60 percent of the eligible voting population in Florida, and is the fastest growing area in the state, with a diversified economy. It was identified as the most important target area by the governor's no-casino committee. (Markel, 1978) (3) Further south, on the east coast, are the affluent, condominium-laden suburbs of West Palm Beach, and Fort Lauderdale, an area which is traditionally conservative. Ironically, residents of these upper-Gold Coast suburbs favored the legalization of casinos by 50-45% in the August 1978 poll, (Hamilton, 1978a) suggesting something of an inaccuracy or lack of conceptual clarity with the "conservative" label. Finally, one gets to, at the southernmost tip of the state, the area that most outsiders associate with Florida -- Miami and Miami Beach, an area which is heavily Cuban and Jewish, and easily the most urban population in the state. Not surprisingly, this area, which would have the most to gain directly from legalization, and which included a high proportion

of those voters -- particularly Catholics and Jews -- who were culturally predisposed toward gambling, favored casino gambling by a 62-35 margin in the August survey. (Hamilton, 1978a)

It was this Southernmost section of the State which would be most directly helped by legalization of casinos, since the economic benefits of construction and service industry employment -- and especially increased tourism -- would go to Southern Florida residents. The city that would be aided most was Miami Beach, a hotel resort area which, while in no way comparable in its decline to Atlantic City in 1976, was nonetheless fading as a premier vacation and convention tourist destination. To understand its decline, and its needed revitalization, we need to examine the wider context of Florida tourism, a relatively stable and healthy industry in the late 1970s.

The Southern Florida Tourist Economy

According to the figures of the 1972 National Travel Survey, Florida ranks third in the United States behind California and Texas as a travel destination. (U.S. Bureau of the Census, 1972) When one considers only the number of person-nights that travelers spend, Florida ranks second, behind only California.

There is a heavy dependence in Miami Beach hotel trade upon New York tourists. A survey conducted in 1975 by Florida International University researchers concluded that 28% of visitors to Miami Beach reside in the New York metropolitan area, while another 20 percent came from other areas of New England and the mid-Atlantic states. (Florida International, 1975) Approximately 22% of the Miami Beach visitors were foreign, Latin America being most represented. (Miami-Metro, 1977)

The long distance between Miami Beach and its prime market area of the Northeast is highlighted by the dependence of the Miami Beach trade upon air traffic -- 80% of hotel guests in Miami Beach arrive by airplane. (Economics Research, 1978a) This also indicates a relatively high level of affluence of the clientele.

While the number of tourists visiting Florida increased through the 1960s and 1970s -- Florida Department of Commerce figures estimate that 12.8 million persons visited the state in 1961, while 28.9 million came in 1976 -- the number of tourists arriving in Miami by automobile declined from 4.6 million in 1970 to 2.8 million in 1974. (Economics Research, 1978a) While one explanation for this may be the increased air traffic, and another the energy crisis of the winter of 1974, one must also consider the explanation that Disney World, in Orlando, siphons off much of the automobile tourist trade that might otherwise come to Miami Beach.

In the 1950s and 1960s, when Miami Beach tourist and convention traffic was at its peak, the major resort hotels offered the best tourist accommodations and convention facilities to be found in the world. Each of the area's largest hotels -- the Fountainbleau, the Eden Roc, the Carillon, the Deauville, the Doral Beach, and the Konover, all built between 1955 and 1967, and all located on Collins Avenue between 44th and 69th Streets -- featured pools and private beach areas, fine restaurants and ample shopping facilities.

The tourist season, because of Miami's southern location and subsequent climate, was at its peak in the winter months, when affluent tourists -- mainly from the northeast and north central states, many of them Jewish, most of them middle aged or older -- filled the hotels.

During the summer months, the clientele was comprised of a younger, family-oriented, and more local Southern clientele. During the Fall and Spring months, convention business helped to fill in the tourist traffic. Miami Beach resort tax collections for 1976-1977 confirm this pattern: 42% of the resort tax was collected during the peak months of January, February, and March, and only 16% during August, September, and October. (City of Miami Beach, 1978)

While Miami Beach still attracts a sizeable number of tourist and convention visitors -- in particular still holding on to its traditional base of Northeastern middle-aged winter, long-term visitors -- it experienced a notable decline during the 1970s. Several reasons have been presented to account for this decline.

1. Competing tourist areas - One need not look beyond Florida to find reasons for a decline in Miami Beach's tourist volume. With the opening of Walt Disney World in Orlando in 1972, Central Florida has become one of the most popular tourist attractions in the world. Some of the families and motorists who may have considered visiting the Miami Beach area may find that, after a few days at Disney World, they lack the desire and money to push on to Southern Florida.

With the advent of airline travel, several resort areas in the Caribbean as well as Europe, Hawaii and Mexico, are more accessible and attractive to the affluent winter visitor Miami Beach depended upon.

Even some lesser known resort developments in the South and Southeast have become increasingly competitive with Miami Beach because they offer new facilities catering to more active pursuits -- golf, tennis, skiing, sky diving, and sailing -- popular among many contemporary tourists, and available to a lesser degree in the Miami Beach area.

Even the convention traffic, which had remained relatively constant

during the 1970s, began to show signs of decline in 1977. A reduced level of advanced booking indicated that Miami Beach convention activities could be facing a dramatic decline in the 1980s. The reasons usually given for this are the lack of first class hotel accommodations, and the increased competition presented by cities such as Atlanta and New Orleans, which have better facilities to offer conventioners.

2. Aging of clientele - It has already been noted that the Miami Beach tourist clientele, in its peak seasons particularly, was predominantly middle-aged or older. A 1975 survey found that only 18% of the Miami Beach clientele was under 34 years of age, and only 49% under the age of 49. After excluding the convention visitors, the figures are astounding: 64% of the remaining "pleasure" guests are over 50. (Economics Research, 1978a) As these tourists have grown older, many are unable to travel to Southern Florida, for reasons of health or budget. These visitors are not being replaced by their children or by other young tourists, who are attracted to more active resort areas, and who particularly don't want to vacation in what is seen as an "old people's" vacation spot.

3. Decline in tourist facilities - The last major hotel constructed in Miami Beach was the Konover, in 1967. Most of the major hotels, about 20 years old, are becoming obsolete. In the face of impending decline, some hotel owners have chosen not to reinvest their profits in improvements. Several others are overextended in other investments, and can't make suitable renovations. There is only one major hotel chain in Miami Beach -- Holiday Inn. In the same time as the older tourist trade fails to replace its dwindling numbers with younger visitors, the lack of identifiable chain hotels serves to remove the Miami Beach hotels one step further from potential clientele. The financial troubles are really high-

lighted by the fact that between 1974 and 1978, 12 Miami Beach hotels went bankrupt and 7 were demolished. (Economics Research, 1978a)

Given these factors, and facing an imminent decline, Miami Beach hotel officials and developers saw in the prospect of legalization a chance for Southern Florida to regain some of its lost prominence in the resort trade. Given the miracle revitalization of Atlantic City, it was no idle promise. Entrepreneurs like Charles Rosen, the Manager of the Marco Polo Hotel, embraced the Atlantic City model of resort redevelopment: "We deserve to be cut in. Tourists are standing in line in Atlantic City, but here they only trickle in." (Koten, 1978)

The Economics Research Associates study commissioned by the Let's Help Florida Committee proposed the legalization of casino gambling as a natural remedy for the decline of Miami Beach: "As demonstrated in this report, Miami Beach has in recent years experienced a decline in its tourist trade. This trend is expected to continue, possibly at an accelerated rate. A major reason for Miami Beach's declining tourist appeal is the historical lack of reinvestment into the local economy, especially into the hotel/motel industry. The existing situation calls for policy stimulus to induce investment into the local economy, in order to upgrade Miami Beach's declining image. Without such a stimulus, private investors are unlikely to invest into the economy, leading to further deterioration in Miami Beach facilities, thus a further decline in tourist appeal, and so the spiral begins.

Legalized casino gambling in Miami Beach is an alternative in attempting to reverse the diminishing tourist trade." (Economics Research, 1978a)

Let's Help Florida Committee

The key pro-casino campaign document was the series of estimates prepared by Economic Research Associates in which they projected the amount of business that legalization would bring, directly and indirectly, to Southern Florida. The legalization of casino gambling, under strict controls and a well-devised program, could provide the best lever for turning around the decline of Miami Beach tourism in recent years, spurring significant new investments in Miami Beach, and re-establishing its reputation as the premiere resort on the southeastern seaboard. With the exception of \$47,000 contributed by hotel service industries, and \$55,000 from assorted businesses, Let's Help Florida ended up depending exclusively on the financing by hotel interests: over \$2 million worth. (Let's Help Florida, 1978c)

The increase in new hotel demand resulting from the legalization of casinos would be reflected by three figures:

- 1) Direct casino hotel demand
- 2) Tourist-related non-gambling hotel demand due to new facilities and increased tourist oriented stock
- 3) Increases in new convention activities due to gambling induced new attractions in Miami Beach.

On the first figure, ERA estimated that the number of daily visitors to casinos in Miami Beach in 1990 would be more than 22 million.

(Economics Research, 1978b) Adjusting for the percentage that would be staying overnight in Miami and other factors, ERA estimated that the influx of casino-related tourists would require the use of 27,000 more hotel rooms than current visitation patterns require.

- 2) Miami Beach's overnight tourism business had declined in real dollars. The rehabilitation of the hotel area, to a first class competi-

tive status, would encourage more visitation from tourists who visit the Miami area to enjoy the overall amenities, not just to gamble.

3) The advent of legalized gambling would create both investments in hotel stock and the atmosphere and environment which would again place Miami Beach in a position to recapture the prominence it once held as a major convention city, and replicate the enduring success of Las Vegas and the recent success of Atlantic City in gaining new convention bookings.

Overall, " . . . given the advent of a positive casino gambling program with attendant investments in tourism support facilities and amenities . . ." ERA predicted the following levels (which they report compare favorably with Las Vegas and Atlantic City levels) of annual visitation by the 1990-1995 period (Economics Research, 1978b):

Visitors Primarily for Casino Gambling	4,700,000
Convention Delegates	540,000
Visitors Primarily as Tourists	<u>5,200,000</u>
	10,440,000

The projection of increased room demand would lead to new investment potentials and additions to the hotel room stock as follows (Economic Research, 1978b):

New Casino Hotels	\$320,000,000	4,000 Rooms
Refurbished Casino Hotels	70,000,000	2,800 Rooms
New Non-Casino Support Hotels	244,000,000	8,000 Rooms

Excluding wages, which were estimated at \$450,000,000 annually during the 1990-1995 period, ERA predicted that input into the Miami Beach economy during the 1990-1995 period would be \$778,000,000 annually (Economics Research, 1978b).

Direct Hotel Employment in Casino Hotels	21,760
Support hotels w/o Casinos	9,600
Service Employment	47,040
Retail Employment	10,400
	<hr/>
	88,800

The ERA report concluded: "This compares to a current level of some 20,000 persons employed in the hotel industry on a seasonal basis and suggests that the average rate of unemployment, ranging from 9.2 to 11.6 percent, could be substantially reduced, given new employment opportunities accruing from the economic leverage of a casino gambling program.

Payrolls would increase (Economics Research, 1978b):

Hotel Transient Accommodations	\$310,000,000
Service Sector Additions	329,300,000
Retail Additions	83,200,000
	<hr/>
	722,500,000

As would revenues:

- \$54 million annually (6%, at \$900 million gross gambling revenues)
- \$18 million for administrative purposes (2%, excluding initial investigative fees -- borne by casino applicants.)
- \$8.2 million to Miami Beach property tax revenues, given new hotel stock -- an increase of 40% over present levels.

After adding in increases in sales and use tax, legalization would account for (Economics Research, 1978b):

Revenue	\$54,000,000
Administration	18,000,000
Sales and Use Tax	48,100,000
	<hr/>
	120,100,000

"Based on the foregoing analyses and projections of economic activity, assuming a well-conceived gaming program for Miami Beach," the ERA report concluded, "A well-conceived gaming program with attendant stringent controls can be a major catalyst in reversing current trends and also be a major stimulant to the city and to the Dade County visitor industry." (Economics Research, 1978b)

This was the revitalization that the Let's Help Florida Committee envisioned when they began their campaign. Speaking to an audience gathered for a debate on the prospects of legalized casino gambling in South Florida, Sanford Weiner told the group about the opening of the Resorts International Casino in Atlantic City the week before: "I saw a dream come true last week. I saw an economically deprived area come alive, people enjoying a legitimate and respectable activity." (Tobin, 1978)

Less than a year after his victory in guiding the New Jersey casino referendum to ballot success, Weiner had been invited to Florida by a group of Gold Coast hotelmen, including the Diplomat's Irwin Cowan, who promised to raise more than \$1 million for a casino campaign which would attempt to sell Floridians on the same benefits that attracted the New Jersey electorate in 1976. Weiner's initial estimation was that casinos in Florida could produce from \$80 million to \$140 million annually for the state, depending upon the number of casinos and their hours of operation. To a Miami Beach area which was declining in attractiveness and ability to attract tourists, which was in the process of "going condominium," and which was experiencing a number of bankruptcies and receiverships among its hotels, the attractiveness of revenues, jobs, and economic development from casinos -- the same magic which had turned Atlantic City into a boomtown -- would be easy to emphasize.

Weiner knew immediately that he was dealing with a problem of image: "The people of Florida have a terrible image of Miami Beach. But that cuts to a positive. People are going to say, 'If we're going to get gambling, let's stick it down there.'" (Bemak, 1978)

And his assessment was that there were polarized sides early on in the campaign, that there were strong pockets of opposition -- particularly among white Baptists -- and pockets of support, from Jews and Latins. Weiner expected from the start to do poorly in the Panhandle area, and expected to do well in Southern Florida. He acknowledged that the area to be won over was Central Florida, and groups -- like Florida's Black population -- which formed the undecided bloc.

Weiner expressed an initial optimism about the nature of the opposition to gambling. He felt that there was less church opposition in New Jersey, but acknowledged the potential power of attack from the media, especially the Miami Herald, which were committed to the fight against casinos. Still, Weiner felt that the changing face of the media, with the emphasis on television, would serve to minimize the effect of the Herald's opposition. "TV is more important. But TV editorials can be countered with TV spots." (Weiner, 1978)

The first step in the casino campaign for the proponents was to qualify an initiative for the November ballot. This effort required 255,653 signatures -- 8% of those Florida voters who cast ballots in the previous Presidential election (Division of Elections, 1978) -- on a "Constitutional Amendment Petition Form," to be filed with the Florida Secretary of State. The petition would qualify a ballot proposition which called for the creation of Article X, Section 15 of the Florida constitution, which would permit ". . . the operation of state regulated privately owned gambling casinos," within a specified area: along a

narrow stretch in Dade and Broward Counties, along one side of Collins Avenue, the main thoroughfare which stretches north from Miami Beach, along the beach. (Let's Help Florida, 1978d)

Taxes from the operation of gambling casinos would be appropriated to "several" counties for the support and maintenance of free public schools and local law enforcement.

Those voters who signed petitions were also provided with a series of information questions and answers about the operation and impact of casinos. Some were distributed in newspaper advertisements, like the one reading, "Miami Beach Resort Hotel Association Says We Can All Be Part of Florida's Brighter Economic Future. Join Us . . . Let's Help Florida with Legalized Casinos along Florida's Gold Coast."

Q. How much money can the state make from taxes on casinos? What will be the total economic impact on the state?

A. The state will be collecting about \$120 million annually just from the casino operations. Projections include 89,000 new permanent, full-time jobs; an increased payroll of \$772 million, and nearly triple visitor levels for the state.

Q. Who will police the casinos? And who will pay for the policing?

A. The state will enact laws to license and regulate casino operations. Casino operators will pay for the cost of regulation -- taxpayers will not.
(Let's Help Florida, 1978c)

Despite expectations that Governor Askew would oppose casinos, there was hope early in the campaign among Let's Help Florida strategists that the state Democratic party, at least in Dade County, would officially support casinos, an enormous boost in a state in which more than half the voters were registered Democrats. (Elfman, 1978)

Above all, LHF's strategy was to establish projections about new

jobs and increased tourism, and about the strict controls that would be enacted. Proponents, recalling the 1976 New Jersey experience, might presume that the opposition would attack the morality of gambling, and miss the mark by being overly emotional, in comparison to the rational fiscal arguments of LHF. Still, they had two primary fears:

- a) Askew's opposition, and his power to mobilize others
- b) The organized crime issue.

As the legalization campaign unfolded, it would become clear that their fears were far from unfounded.

Limited Opposition to Legalization

Gold Coast hotelmen were reluctant at the campaign's start to embrace casino gambling publicly. Miami Beach Sun-Reporter publisher Harry Buchel explained: "A lot of people have seen casino gambling just tied in with organized crime and there are a lot of people afraid to stand up and talk about the issue for fear of being painted with the same broad brush . . . I think as Sandy becomes more vocal and visible and people realize a bolt of lightning isn't going to come out of the heavens and strike you dead because you spoke up for casino gambling, you're going to see more people be less fearful and speak up." (Later we will see exactly how influential Floridian supporters were neutralized, and made fearful of supporting the legalization measure.) (LaBrecque, 1978)

Weiner had an answer to these fears: "Organized crime makes money where there's illegal -- not legal -- gambling." (Prugh, 1978) He took a chance, and presumed that Florida voters were willing, as New Jersey voters had been, to a) look the other way, and not be concerned with organized crime participation in the legal casino industry; or, b) dissociate organized crime from legalized gambling.

Casino advocates hoped that they would have to contend with a level of opposition that typified the church-type arguments: "Casino gambling will turn this area into a veritable cesspool of rot and filth."

(Koten, 1978)

Two of the opponent groups -- Floridians Against Casino Takeover (FACT) and People Against Casino Takeover (PACT) didn't especially worry the LHF forces, for different reasons. And Weiner believed that his campaign could withstand the opposition forces if they were limited to ministers, or competing gambling interests, or the likes of FACT's chairman, who took to debates on legalization with a flashy style of argument, and the prediction that the state would fall prey to an influx of organized criminals. (Tobin, 1978) Indeed, one slogan of FACT was "casinos corrupt." (F.A.C.T., 1978a) And Dade County Public Safety Director (Police Chief) E. Wilson Purdy warned that "A vote for casino gambling will be a vote to turn this community over to organized crime." (F.A.C.T., 1978a) This was backed up with the analysis of Florida author Hank Messick, who wrote, "The whole history of gambling shows it is impossible to regulate and keep honest. The very nature of gambling attracts gangsters: a cash business, with odds favoring the house and money easily manipulated." (F.A.C.T., 1978a)

FACT emphasized the organized crime issue in its literature:

- 1) Casinos will draw organized crime, ". . . just like blood attracting sharks . . . there's no way you can keep them out."
(F.A.C.T., 1978a)
- 2) Although gambling backers say that casinos would be a bonanza for education and law enforcement funds, Dade County's annual share would not be enough to run the school system for half a day.

- 3) FACT accused the pro-casino forces of promoting the image of Miami Beach as a dying resort to win the gambling fight.

Miami Beach is not dying -- much of its fading popularity is the fault of the same hotels whose owners are pushing for casinos.

"It would be a tragedy to sell the soul of South Florida to fill 5 Miami Beach hotels." (Oakland Tribune, 1978m)

Sporting a button which announced, "Keep the Casino Mob Out," FACT chairman Dermer says, "We will not allow the mob to wade ashore across the beaches of Florida." (Oakland Tribune, 1978) Dermer and others concentrated on this idea of the "invasion" of organized crime into Florida [See Appendix F] and connected it with their criticism of Weiner and his chief campaign operative Vitali as being "outsiders" and "hired guns."

One of FACT's problems, however, was its connection to Florida pari-mutuel interests.

In Florida, unlike New Jersey, a well entrenched parimutuel racing industry had much to fear from legalization of casinos. When the first forms of legal gambling were legalized early in the 1970s, there were few problems of competition for the legal gambling dollar. By and large, those states which legalized one major form of gambling did not also permit a second one which might divert some of the state revenues from the first. With the proposal to legalize casinos in Southern Florida, however, there would be some problems, at least if one believed the owners and operators of Florida horse racing tracks. "No pari-mutuel could exist in the face of casinos," David Hecht, owner of the Flagler Dog Track told the Miami News. "It would kill us." (Douthat, 1978)

In light of this threat to their livelihood, parimutuel owners were

among the largest contributors to the anti-casino drive, in the organizational form of People Against Casinos (PACT). While this was far from the most prominent or successful of the four opposition groups, it spent enough money on campaign television spots -- nearly \$700,000 -- to make a difference.

The "parimutuel issue" became an important topic of debate. The Let's Help Florida Committee tried to reassure voters that the casinos would not cut into parimutuel earnings, and subsequent state revenues. (Economics Research, 1978d)

When, for instance, the jai alai and dog racing seasons overlap, there is a decided drop in revenue at the dog tracks, as the "extremely sensitive competition" existing in the Southern Florida legal gambling economy holds sway.

Casinos would promise to be even more competitive with the frontons and tracks for several reasons: 1) Unlike parimutuel systems, casinos do not take a sizeable (18%) bite out of each gambling dollar for overhead, administrative costs and taxes; 2) Money won at a race track is immediately taxable by the IRS, making it more difficult for a winner to evade taxes on winnings; and 3) Casino patrons are attracted by the free admission, free drinks, and star entertainers.

The Let's Help Florida Committee didn't evade the questions of the competition for gambling dollars, arguing instead that the horse tracks should be competitive to survive, that the state of Florida should not engage in a form of protectionism by favoring the horse tracks through local state opposition to casinos. If bettors were to choose the casinos, their argument went, it would only be a matter of time before the bettors left the horse tracks anyway.

Let's Help Florida estimated in addition that the majority of the

casino gamblers would be visitors, while the mainstay of the tracks were Florida residents, a contention supported by surveys which showed that 75% to 85% of the track bettors were Florida residents. (Economics Research, 1978d)

ERA's Robert Shawn, arguing from statistics gathered and estimates prepared for Let's Help Florida, predicted that casinos would have a ripple effect, and contribute to a rise in parimutuel wagering. "Casino gambling and parimutuel wagering," Shawn said, "represent complementary forms of entertainment." To support this ripple effect, he referred to the report of the Commission on the Review of the National Policy Toward Gambling, which had noted that gamblers don't restrict themselves to one or another game.

The amount of money that parimutuels pour into the Florida economy in 1976-1977 was sizeable (Economics Research, 1978d):

	<u>Total Paid Attendance</u>	<u>Total Parimutuel Handle</u>	<u>Total State Revenues</u>
Fla.	16,276,898	\$1,244,159,788	\$86,558,021
So. Fla.	8,799,290	738,782,729	51,404,650

Surprisingly, however, the issue of the parimutuels was not even raised in the PACT anti-casino material. Their nine points for opposition were: (People Against Casinos, 1978)

- 1) Casino gambling would spread, like cancer, throughout Florida;
- 2) Casino gambling promotes crime -- and also human misery;
- 3) Casino gambling is a breeding ground for organized crime;
- 4) Casino gambling would destroy our quality of life;
- 5) Casino gambling would be very costly to Florida's older citizens;
- 6) Casino gambling will be bad for the young people in Florida;
- 7) Casino gambling can be devastating to poorer and middle class

families;

- 8) Casino gambling will darken the economic future of Florida;
- 9) Casino gambling will cost Florida much more than it ever contributes.

PACT commissioned polls by President Carter's pollster Caddell which found the public's greatest underlying concern was a fear that organized crime would infiltrate the state. PACT's campaign spots would alter portray the coming of casinos as a near-apocalyptic disaster -- hard-sell ads showing kids gambling at slot machines. PACT members would think that Askew's campaign was too middle of the road. (Krog, 1978)

Legalization opponents dropped the parimutuel issue because they feared they would fall into the trap of having to defend a campaign which might be portrayed as protecting parimutuel operators, who could easily be portrayed as entrenched, powerful, anti-competitive forces. The director of Askew's "No Casinos" organization acknowledged that this was one reason for establishing a separate "No Casinos" group which did not, by policy, accept contributions from parimutuels. (Krog, 1978)

Instead, track owners wishing to contribute were directed to PACT. In this way, Askew could be kept free of the parimutuel money and opposition. Askew had included the parimutuel issue in his earlier speeches -- those prior to the June breakfast meeting -- but dropped it later as a matter of campaign strategy. (Askew, 1978a) Askew seemed to be either confused or ambivalent about the parimutuel issue, or at least tried to use the issue to attack the casino proposition from many sides. At once, he tried to say that parimutuels were enough: "We have already crossed the bridge on the moral question of gambling with parimutuels. But that does not mean we have to go all the way." (Askew, 1978a) Then, all of this within the same speech, delivered in February to an "anti-casino

luncheon," he talked about the revenues that parimutuels contributed to the state -- \$87 million during the 1976-1977 fiscal year, and how little the state had to spend to regulate parimutuels -- \$1.9 million, less than two percent of what the state derived in revenue. Then he stressed the fact that parimutuels support other industries, particularly legal ones: "But parimutuels in Florida do not merely provide revenue for the state. They support a \$300 million industry that breeds, raises, trains and trades greyhounds and horses. What kind of industries, I might ask, are supported by casinos?" All of this was within the logic of legitimizing parimutuels, and is especially captured by his summary description of parimutuel wagering in the Florida economy:

"Carefully regulated and controlled parimutuel wagering has long been a reliable source of revenue and a familiar source of entertainment in Florida." (Askew, 1978a) Or, as Askew supporters put it: parimutuels are scandal free and respectable.

Since PACT relied only on parimutuel backing, and FACT had accepted campaign contributions from parimutuel interests, these two organizations had to be distanced from Askew's new campaign so that he could "straight-shot" casino gambling.

For that campaign to be successful, he emphasized, it needed to be well financed.

Well Financed Opposition to Legalization

Aside from the parimutuel interests, Askew's campaign -- through his "No Casinos" group and the Miami Chamber of Commerce's Casinos Are Bad Business organization -- received contributions from four major sectors of the Florida economy. (Division of Elections, 1978)

1) Financial institutions	\$261,800
2) Tourist attractions	50,000
3) Media	220,000
4) Other business	160,000

Financial institutions were well represented in the anti-casino fight; nine of them for over \$10,000:

Florida Savings and Loan Assn. (St. Petersburg)	\$25,000
First Federal Savings and Loan Assn. of Broward County	\$25,000
Southeast Banking Corporation (Miami)	\$25,000
First Federal Savings and Loan Assn. of Miami	\$25,000
Chase Federal Savings and Loan Assn. (Miami)	\$25,000
Freedom Federal Savings and Loan Assn. (Tampa)	\$15,000
Flagship Banks Inc. (Miami Beach)	\$10,000
First Federal Savings of the Palm Beaches	\$10,000
United First Federal Savings and Loan Assn. (Sarasota)	\$10,000

Eleven others contributed \$5,000 or more, and an additional 14 gave between \$1000 and \$5,000.

Three points should be made about Florida's banking community, and bankers in general, and their relationship to the legal casino industry.

1) They were associates of Askew, partners of his in an eight-year project to make Florida a thriving international banking and trade center for the western hemisphere;

2) Institutional lenders had historically been reluctant to consider the casino gambling industry as less than suspect, because of:
a) its organized criminal roots and associations; b) its propensity toward skimming in a business not unlike banking in its cash flow; and

c) its lack of internal controls -- presumably to facilitate b);

3) Casinos could rival banks as financial institutions; already drug importers were depositing large sums of money, mainly in \$100 bills, in Southern Florida banks.

In New Jersey, what indigenous media existed -- basically Atlantic City newspapers -- supported legalization. In Florida, by comparison, the media played a major and controversial role. One of the major contributors to the anti-casino effort, both in money and time, was the print and electronic media of Florida, which threw its weight behind the anti-casino effort. Alvah Chapman, publisher of the Miami Herald and a friend and advisor of Askew, contributed \$25,000 initially to the campaign, and contacted friends and business colleagues to do the same. (Chapman, 1978) That he was publisher of the state's major daily newspaper didn't deter Chapman from taking a stand on the issue, and his stand infuriated the LHF group, which pointed to the influence -- which they said was improper -- of the media as a major reason for the defeat of the measure. (Let's Help Florida, 1978f) A total of \$191,000 was contributed by major Florida newspapers.

NO CASINOS INC.

Time Publishing Company, St. Petersburg	\$25,000
The Tribune Company, Tampa	25,000
The Florida Times-Union, Jacksonville	25,000
Wometco Enterprises, Inc. (WTVJ, Channel 4), Miami	25,000
Palm Beach Newspapers, Inc., (Palm Beach Post-Times) West Palm Beach	12,500
Sentinel Star Company, Orlando	12,500
Gore Newspapers Company, (Fort Lauderdale News-Sun Sentinel)	12,500
The Miami News, Miami	12,500
The Miami Herald Publishing Co., (owned by Knight Ridder Newspapers), Miami	10,000

James L. Knight (chairman of the board of the Miami Herald Publishing Co.), Miami	\$5,000
The Bradenton Herald (owned by Knight- Ridder Newspapers)	3,000
Tallahassee Democrat (owned by Knight- Ridder Newspapers)	3,000
Boca Raton News (owned by Knight- Ridder Newspapers)	3,000
Mr. and Mrs. Alvah H. Chapman Jr. (President, Miami Herald Publishing Co.)	2,500
Mrs. A.H. Chapman (mother of Alvah H. Chapman Jr., president of the Miami Herald Publishing Co.), Columbus, GA	2,000
News-Journal Corporation, Daytona Beach	1,000
Dan Mahoney, Jr. (Publisher, Palm Beach Post Times)	1,000
Trend Publications, Tampa	250
	<hr/>
	\$180,000

Chapman, who nearly sparked a mutiny of reporters and editors at the Herald with his action, expressed his rationale this way: he thought he couldn't sit back and watch a well-financed campaign that the LHF forces planned change the face of Florida. As a publisher, he explained, he was a businessman -- not a media mogul -- and his financial contribution and activism represented his analysis as a businessman that the introduction of casinos into the Miami area would be a serious threat to the South Florida economy and an equally serious threat to the future economic health of his publishing enterprise. (Chapman, 1978) Chapman said: "Newspapers, in addition to their basic role of covering the news, are also business enterprises and have a stake in the community they serve." (St. Petersburg Times, 1978a) Chapman referred again to the New Jersey experience when he said that he was motivated in part by the need to educate the public so that they could make a well-reasoned decision: this not only meant that the Herald was responsible for running a number of serious and balanced stories about the casino issue, but also for con-

tributing to a fund against casinos.

The statewide steering committee chairman for the LHF, journalist and columnist Jim Bishop, filed formal complaint with the National News Council, charging the Herald and Chapman with attempting to influence the outcome of the referendum issue through his direct contributions.

Askew aids argued that Atlantic City papers had contributed to pro-casino efforts -- The Press gave \$45,000 in 1976 -- and said that the gambling referendum was not an ordinary issue. Chapman and other publishers argued that they supported candidates and other referendum issues, and that their support for one side of an issue or for one candidate didn't affect the coverage of the newspaper's editorial staff. (Chapman, 1978b) St. Petersburg Times and Evening Independent executive editor Robert Haimon said, "We endorse candidates all the time, and support or oppose referendum items, but that does not in the least inhibit our reporters." (McMahon, 1978) Gore Newspapers Co., (Fort Lauderdale News and Sun-Sentinel) President and Chief Executive Officer Byron Campbell added: "We feel our news stories have been straight down the middle and they will continue to be, regardless of the contributions we have pledged." Florida Publishing Co. (Florida Times-Union and The Jacksonville Journal) Chairman J.J. Daniel: "The editorial pages are ours and the others belong to the public. We will continue to publish objectively." (Valley Times, 1978a) Those in the editorial department who protested the Herald's policies were more concerned that Chapman had undercut them by giving their paper the semblance of a slanted presentation.

John Lake, Editor of St. Petersburg Times, said in defense of his newspaper's contribution (Prugh, 1978): "This campaign is unique. Newspapers take on a corporate responsibility in Florida that is different than in a heavily industrialized state. We are obligated to consider

the long-range development of this state and convert this fragile tourist economy into something significant. Industrialization and casinos aren't compatible."

Investigative reporters in those Florida newspapers which had made sizeable contributions were upset because they felt that the objectivity of their professional and accurate reporting was made suspect by the publisher's active role in the campaign.

The editors and reporters of the Miami Herald had a lot to fear, for a content analysis of their campaign coverage showed they were in fact presenting objective analysis of the casino campaign, and were preparing serious investigative pieces on organized crime in Florida.

The Organized Crime Question

Miami had been designated, in the 1930s, by organized criminal syndicate leaders as an "open city," one which was not under the territorial control of any one organized criminal organization. Recent drug traffic estimates show it to still be -- because of its proximity to South American drug sources and miles of coastline where boats can deliver contraband relatively undetected -- a center of underground economic activity. Federal drug officials put a \$4 billion a year estimate on South Florida's cocaine and marijuana imports, and South Florida banks have been called the "Wall Street" of the dope trade.

As a winter resort spot, Miami Beach became a favorite meeting place for America's most notorious gangsters, many of whom were anxious to escape the bleak winters of their native Chicago or New York environs.

During the 1940s, mob-controlled casinos ran openly in Dade and Broward Counties, with the cooperation of law enforcement officials. Because of its proximity to Cuba, Southern Florida had been a natural

meeting place and jumping off point for those organized criminal entrepreneurs -- Meyer Lansky is a Miami Beach resident to this day -- who had a financial stake in pre-Castro Cuban casinos.

Lansky's presence in Florida in 1978 was extremely important to the framing of the organized crime question.

a) He had been indicted, along with other Miami Beach hotelmen, of conspiring to skim \$36 million from Las Vegas casinos (U.S. v. Meyer Lansky, et. al., 1974);

b) He was believed to be a driving force behind Miami-based Resorts International, the casino corporation which operates a Bahama casino, and which was suspected of owning several influential politicians there -- the prime minister among them -- and had opened the first Atlantic City casino (Division of Gaming Enforcement, 1978);

c) He was linked, through Miami restaurateur and businessman Alvin Malnik -- referred to in law enforcement as Lansky's "lieutenant" -- to Caesars World, the corporation which owned and operated Las Vegas' lavish Caesars Palace (Audit Division, 1976);

d) His nemesis, investigative reporter Hank Messick -- author of Lansky (1971), and several other investigative books on organized crime -- lived in Southern Florida. One of Messick's closest friends in the investigative reporting field had joined the Miami Herald as an editor.

Lansky's opinion on legalization was actually made public in the Miami press: the mob wouldn't infiltrate legalized casino gambling in Florida, Lansky explained, "because there is no such thing as organized crime." (Sosin, 1978)

Florida law enforcement officials felt otherwise. Florida Department of Criminal Law Enforcement report said legitimate casino operations

would likely draw upon the criminal element for the management skills of running a casino. One drug enforcement official stated: "We have a whole lot of organized crime figures here who have the experience of running casinos in Cuba. It would be safe to say they already have their foot in the door." And later in the campaign, when the polls showed that legalization wouldn't pass, a bombshell was dropped in a Washington Committee hearing. On October 24, 1978, convicted narcotics smuggler John Charles Piazza III told U.S. Senate Permanent Subcommittee on Organized Crime that he discussed plans with Meyer Lansky in 1974 in Miami to act as a front of a casino legalization drive -- and to skim for Lansky, once casino gambling was legalized -- at a meeting at the Forge, Malnik's restaurant. (Messerschmidt, 1978)

In the meantime, the Herald would bring the organized crime question to the forefront, with articles that examined the potential for organized crime growth and accompanying political corruption as a result of casino legalization.

Whether or not these articles reversed public opinion on the legalization issue, they did provide an important element for the success of the anti-casino campaign. Well-reported, clear and professional, the articles provided a low-key informative background for the anti-casino campaigns to draw upon when they raised the organized crime issues as a present, rather than a future, problem for Florida voters.

Effective Opposition - "No Casinos" and "Casinos are Bad Business"

This chapter has already noted that the anti-casino side was well-financed. Now, we must proceed to examine the ways in which they:

- a) coalesced
- b) decided on the level and issues of argument, and

c) proceeded to campaign

First, the opposition groups needed to identify those sections of the population that were predisposed to opposition, and to determine the basis of their disapproval of legalization. A poll taken for the "No Casinos" group provides a look at the Florida population, and their positions. (Hamilton, 1978a,b,c,d)

Among some of the population subgroups of the Florida voters, some early indications led opponents to select the groups most likely to oppose casinos. Religious differences seemed most marked: Catholics favored legalization by a 54 to 42 margin, Jews by an even larger 69 to 24 spread, while Protestants opposed it by a sizeable 57 to 39 difference.

By age correlates, there was an increasing tendency to oppose casinos as one moved up the age ladder. The youngest age group, those 18 to 34, favored legalization by a 59 to 38 margin. Middle-aged voters, those between 35 and 49, were split, with opponents holding a slight 49-47 edge. Finally, those over 50 came down strongly in the camp of the opponents, by a 59 to 36 margin.

Gender differences were significant. While men tended to favor legalization, by a 50 to 48 response, women overwhelmingly opposed it, with a 56 to 38 response. White voters and black voters were close in their opposition -- the former opposing legalization by 52 to 44, and the latter by 57 to 37. Only Hispanics were shown to hold a preference, by 55 to 40. The strength of opinions was noteworthy as well: four out of five voters on each side held very strong opinions on the subject. One of the most important findings in this poll data is the breakdown of reasons for opposition. The importance of morals and crime to opponents of casino gambling was measured by the question: "Are you mainly opposed to casino gambling on the moral issue -- because it's not right -- or

because of a fear of the possible influx of organized crime?" Statewide, those signifying the moral issue alone amounted to only 14%, supporting Weiner's contention about the size of the morally opposed group. A much larger number -- 44% -- noted "fear of crime" as their main reason for opposition. Given the option of combining the two, another 40% considered both the reason for opposition.

The ambivalence that has been noted historically in Americans' treatment of gambling surfaces again in the findings among the Florida electorate. Both proponents and opponents of the measure held positive and negative views of the issue. Statewide, more than 70% of those responding to the Hamilton Poll volunteered a positive comment. However, the complication is in the crossover, or ambivalence reflected among those who supported or rejected the idea. Among those who favor casinos, almost half -- 47% -- mention some sort of disadvantage, primarily the potential for organized crime infiltration of the legalized casino industry, or that legalization would attract "bad elements" generally. On the other extreme, about a third -- 32% -- of those who oppose casinos volunteered a positive comment -- such as the generation of revenue, the lowering of taxes, or the creation of jobs.

The Hamilton survey, which was commissioned by the forces seeking to defeat the casino gambling initiative, made several conclusions regarding campaign strategy. First of all, they indicated the magnitude of the task ahead, and didn't underestimate the power of a well-financed pro-casino campaign: " . . . with such a well organized and well financed proponent campaign, defeat on revision Number 9 will be tough." Next, they recommended a range of approaches to the various publics that should be approached on the issue. After consulting the figures for ethnic, racial, sex and religious breakdown, the No Casino staff decided that the

bulk of the campaign effort should take place in the following locations, listed in the order of importance: the lower West Coast, Hillsboro and Pinellas Counties, the West Central region, the East Central region, and the Panhandle, and should be keyed to the following groups -- blacks, women, those over 50, retirees and Republicans.

The analysis provided by the Hamilton staff about the issues of the debate concerned the two major issues: revenues and organized crime: "The proponents," they wrote, "can effectively use the Proposition 13 concept to wean away some of the opponents' base unless the beneficial economic aspects of casino gambling are discredited. At the same time, opponents of casinos should concentrate on explaining (or documenting) the various ways in which organized crime will be allowed to flourish and/or expand.

The single aspect of increased or spreading criminal activity is the opponents' best issue on which to wean away proponents of the proposal. Only 7 to 8% of the voters volunteered that they thought casino gambling is evil and immoral; to a direct question about the relative importance of morality or fear of crime as the basis of their opposition, more than three times as many chose the crime factor than the morality. While the morality issue might work through various opponent organizations, the pollsters noted, ". . . it is the fear of crime which can have the broadest impact."

With this information in hand, legalization opponents established their campaign strategy. Askew's campaign manager figured that they needed between \$650,000 and \$800,000 for a successful advertisement campaign. They started in July with a close vote in the polls, and also a discrepancy, which indicated some amount of confusion among the voting population.

Casino opponents saw the need for an "education" process. They observed that the proponents had seven months of lead time in publicity.

They stated that their earliest goal was to make it socially unacceptable for prominent Floridians to support casino gambling. They decided to concentrate on fund raising and moving opinion leaders. The governor had to raise money early and spend it early. The campaign managed to buy prime TV spots -- even over gubernatorial candidates -- and decided to start early in the ads with the governor setting the moral tone. (Krog, 1979; Markel, 1979)

Askew presented casino gambling to business leaders as a critical issue; he reminded them that the Florida economy was strong and that they really had no need to bring in another industry, particularly one with an unsavory reputation and financial history.

The best issues, from the start and throughout the campaign, were crime and the effect on the economy, according to Askew's strategists. They felt that the proponents "led with their chin" with the economic figures they emphasized, and felt that the best strategy the opponents had was to neutralize the proponents economic arguments. (Krog, 1979)

The opponents' decision not to launch a moral attack on the casinos was also well thought out, and crucial. Askew's strategists acknowledged later that a moralistic appeal by Askew might have backfired. Consistent with that opinion, "No Casinos" strategists criticized PACT commercials for coming on too strong, with a style that no longer was convincing, and would have overheated the issue.

A sample of a PACT TV commercial gives an indication of why the Askew people feared the PACT attack would open the opponents to charges of exaggeration: Take the October 19, 1978 - "Florida, Brace Yourself"

as an example:

Florida, brace yourself. Las Vegas is closer than you think. Casino promoters are telling us just how great casinos will be, but there's a lot they're not telling us. Like the fact that Las Vegas ranks first in the nation in murder, suicide, alcoholism and personal bankruptcy. Or the fact that Las Vegas has prostitution that got so out of hand they had to legalize it. And skimming. And loan sharking. And the mob.

On the whole, Askew's reputation as a conscientious and moral person didn't hurt. He was described by friends as a person whose opponents, even though they might dislike him, felt he was honest -- it was agreed that he could be a significant moral force. (Colson, 1979) Also, Askew was an adept political operator. He had political credit stored up, and although he could not promise any future favors to friends from the governor's office, he could appeal to have those credits expended on the casino campaign.

Askew's advisors made this analysis of the proponents:

- 1) They thought Askew couldn't raise enough money;
- 2) They figured that he would make an exclusively moral argument;
- 3) They thought the governor's rule would take precedence;
- 4) They thought gambling wouldn't be attacked in an organized way.

In the end, the power structure of Florida coalesced around Askew's leadership to oppose casinos. In the words of Tom Bomar, President of First Federal Savings and Loan Association, and Chairman of the Miami Chamber of Commerce's "Casinos are Bad Business" Committee, the opponents success was predicated upon nothing less than the coalescence of the power structure under the governor's leadership. (Bomar, 1979) A few

days after the election, Sanford Weiner told the Miami Herald that indeed, his opposition has proved more formidable than anticipated. "The power structure," Weiner charged, "has been orchestrated against us. They mobilized the full circle of the Establishment. Our weakness was a lack of prominent people to represent us." (Morin, 1978a)

The CABB group which Bomar headed provides an excellent example of that coalescence.

However, before examining that organization, we should identify the points on which CABB and "No Casinos" concentrated.

There were a number of arguments against casinos raised by "No Casinos" and CABB (Casinos are Bad Business, 1978a):

1) Taxes won't be lowered. Basically, this argument emphasized the minimal difference that gaming revenue would make in the Florida budget. As the "No Casinos" literature put it, "It does not make sense for Floridians to risk a higher tax bill for the promise of a return equal to less than one percent of the total state budget." This argument was based on the proposition that there were legalization costs to the Florida community, both in the actual form of increased law enforcement surveillance and social costs -- "When you add on the actual cost to the community of the increased social burden we wind up as losers." The decision to divide the revenues among all 67 counties in equal portions opened the way for arguments by the opponents that Dade and Broward Counties would bear the burden of the increased costs and problems, while sharing only 1/67th of the revenues. Thus, a special appeal to Dade and Broward residents tried to convince them that their area was being short-changed, forced to bear the burden of legalization. (CABB, 1978a)

2) Florida's future is bright. The argument was put forward that

Florida was fortunate to have so much going for it. Legalization was portrayed as a shift to a gambling-based economy, which would shatter Florida's potential for new industry. Casino gambling was contrasted with the "stable, consistent and productive" industries that Florida was beginning to attract. Tourism was increasing, South Florida was developing as an international trade and banking center, and casino gambling was portrayed as a new development which would contradict Florida's progress in both spheres. The average Florida tourist, according to campaign literature, spends 14 days in the state, while the average Las Vegas tourist spends 2 to 3 days. Legalization of casinos would not make Florida more competitive for the family tourist dollars: "Creating a criminally-related gambling atmosphere would keep away family business by the thousands."

Moreover, casinos would destroy the image of Florida, and would adversely affect the quality of life -- what Dermer emphasized as the watchword of the campaign. (Dermer, 1979) "We have worked hard for Florida to maintain a clean wholesome image," No Casinos literature read. "Let's not throw it away." The climate that accompanies gambling was described as one which promotes cheap thrills and immorality, while the state's image will become one of sanctioned greed. (CABB, 1978a)

3) Casinos invite organized crime. "No matter how tightly regulated casinos are," CABB literature argued, "they foster related activities which are uncontrolled, in which the underworld abounds." The testimony of the Dade County Organized Crime Bureau was used in support of this plea: "There are already 20 organized crime 'families' here. We expect others to move in. There's no way we'll be able to regulate casinos to keep them out of the action." (CABB, 1978a)

FACT, using the slogan "Casinos Corrupt," included a copy of the

headline from a New York article, "The Mob Wades Ashore in Atlantic City," which detailed how organized crime families have infiltrated the ancillary businesses which supply Atlantic City casinos with provisions and services. (FACT, 1978)

Moreover, the ripple effect of legalization was cited by gambling opponents: "Florida can even expect an increase in illegal gambling if the casinos come here."

4) Casinos will spread beyond Miami Beach due to the power of the gambling operators. This argument emphasized the power of the casino industry: "Once a foothold is gained by the casino interest, the pressure on local and state officials will be tremendous." (CABB, 1978a)

This sentiment was echoed by one of Askew's close friends and advisors, Attorney William Colson of Miami. (Colson, 1979) Colson commented that the most significant observation he had regarding the legacy of casino gambling in Nevada was of the way in which the political power of the casino industry -- primarily through contributions to candidates for political office, but also in its lobbying for legislation favorable to gambling interests -- exerted itself in Nevada. Already the dog track lobby was powerful enough in Florida. The "cancer" analogy was used as well, mostly to explain that casinos started out in Las Vegas in a few large hotels, and now slot machines proliferate in supermarkets in residential areas.

One memo to CABB members suggested that the Committee emphasize the detrimental effects -- preying upon the poor and working class, in particular -- that legalization would bring. The memo recommended language for a brochure which sketched a scenario of life with casinos and slot machines: "Husbands would cash their paychecks and lose their money to slot machines or betting on horse races and football games in

casino bookie joints. Wives would feed grocery money to slot machines. This would mean heavier welfare costs to taxpayers." (CABB, 1978b)

5) Legalization would only benefit a handful of promoters.

The picture that accompanies the copy for this argument in the No Casinos literature is of a Cadillac parked in front of a Miami Beach hotel.

(No Casinos, 1978) One consistent charge which the casino proponents were unable to shake was that their campaign was financed by entrepreneurs, who utilized an outside political consultant, who sponsored a campaign which would benefit a small number of greedy Florida businessmen.

6) There would be a detrimental impact upon senior citizens. One of the salient arguments of the New Jersey legalization campaign had been the provision for a special fund for relief for senior citizens and the disabled into which state taxes from casino gambling revenues would flow.

Unfortunately, for gambling's sponsors, by the summer of 1978, the gambling rush which had engulfed Atlantic City had also caused the property values to skyrocket there. This had the effect of raising the cost of rent which many low-income senior citizen residents of Atlantic City paid, thereby driving them out of their homes. (CABB, 1978c)

Another argument, this one connected with an argument for parimutuels, concerned the fund for the elderly which parimutuel revenues went into in Florida. If parimutuel revenues were to diminish because of legalization -- which many opponents predicted -- then state aid to the elderly would diminish twofold, since the federal government matched that money.

The opponents built a case around this issue, a case of broken promises which they said happened in New Jersey, and which they predicted would be repeated in Florida.

These issues were hammered away at in the series of letters to Miami area business people, speeches before interested organizations, and advertisements sponsored by CABB. Opponents promoted the image of Miami Beach hotelmen as greedy entrepreneurs who had let their properties run down, and milked them for money, and now were hoping the state would increase their property values without any effort on the hotelmen's part.

CABB's appeal to Southern Florida businesspersons carried the urgency of this message, and made an appeal to those businesses that the effect of Florida legalization of casino gambling would not just be in the changes to the style of living in the area, but to the prosperity of their individual businesses and the South Florida economy as well.

A letter from CABB chairman Tom Bomar to businesspersons read:

"Dear Sirs,

The threat of casino gambling is the most serious economic issue to face Dade County in many years. The development now underway in every part of the county is unprecedented. Unless it is sabotaged by something like casino gambling, the economic base for the community will soon be diversified and balanced as never before.

In finance, education, medicine, transportation and international commerce, Greater Miami can become the new World Center. Beach Restoration, Southshore redevelopment, Watson Island and others are strong positive forces to rebuild family tourism. We have it within our grasp to reach these goals. Or we can turn our future over to the roll of the dice.

Make no mistake. This will be a hard fight. The promise of an equal share in tax revenue will sound good to people in other parts of the state. The story that the casinos

will be confined to one small strip on Miami Beach will make it sound like gambling is Dade's problem only. To defeat casino gambling will require all the strength and unity that Dade county business leaders can muster.

The purpose of the meeting will be to present the issue to you briefly and factually and to ask for your personal help and for your firm's financial support. I feel very strongly that Greater Miami's economic health and quality of life depend upon defeating casino gambling. Come hear the facts on September 13, and I believe you will share my concern and determination that it must not happen here." (CABB, 1978c)

The CABB radio spots echoed the urgency and economic messages that Bomar expressed in his letter. One example of this was an October 27 spot:

"Casinos are good business, for a handful of profiteers, for prostitutes, and for parasites who don't care what happens to the fiber of our community. But casinos are bad business for South Florida, and the majority of our business community is against casinos. For many reasons. Casinos bring in criminals. Criminals breed corruption, and corruption carries its forms of destruction. Behind the glamour of Las Vegas is a high crime rate, rampant prostitution, a high suicide rate, and an alarming number of bankruptcies. Casinos generate big money, the kind that corrupts public officials and creates a harmful atmosphere in which to raise families. And that discourages new business from locating here. Also, South Florida will get all the problems of casinos, and only a fraction of the taxes. Let's not cloud our bright future or contaminate

our healthful environment with the polluting influences of casinos. Vote against casino gambling." (CABB, 1978d)

The CABB effort was highly organized, with a number of committees taking responsibility for various planning activities, holding meetings weekly, or more often if necessary. Included were: a legal committee, which researched legal attacks on the ballot measure -- such as a contribution limitation question; a finance committee; a public relations committee and issues development committee, a speakers' bureau, which both responded to requests for anti-casino speakers, and attempted to stimulate a demand for those speakers; an associated organizations committee which planned the statewide coordination of different groups in opposition to the ballot measure; a research committee, and a position development committee. (O'Neill, 1979; Hicks, 1979)

The plan was to spread the message. and engage support early on. Each member of the chamber -- 500 in all -- was to write to 5 business contacts, suppliers, or customers, and send each of them CABB fact sheets. This would amount to 75,000 people reached by the first chain letter. Then, each of those five persons was to write another five persons, and the message would spread accordingly.

Each committee member was required to take a strong stand against casinos, to take a public position against gambling casinos, and to ask their trade organizations, and all others with whom they came in contact, to widely distribute their negative feelings, in the hope that a counter position to the pro-gambling forces could be developed. CABB speakers were told to emphasize the small amount of direct revenue relief which would go to Florida residents -- the tax revenues estimated would amount to less than \$10 per person -- and that revenue to the state treasury represented less than 2% of a present state budget of \$5.5 billion. The

effect on employment was also emphasized, since Let's Help Florida had made much of the argument that jobs would be created for the South Florida economy. CABB argued that those new jobs that would be created would be menial -- porters, maids, bus boys -- and that the skilled jobs would go to trained casino personnel from outside of the state and even the country. In their attack, the CABB speakers repeated a number of attacks on the LHF position. Who would benefit? CABB argued that only a small, limited group would benefit. They supported this point by asking their audience to take a look at the supporters and opponents of casino legalization. CABB speakers were informed to establish themselves as longtime residents and volunteers, with no hope of gain except a better community in which to live and to show their opponents to be in the opposite situation. (CABB, 1978f) Regardless of the audience, the list of active opponents of legalization was considered an impressive list, and the CABB brochure presented a similar study in contrast:

"You can judge casinos by the company they keep"

Look who supports casinos:

- * A few wealthy Miami Beach Hotel interests
- * Hired out-of-state political arrangers
- * The behind-the-scenes underworld.

(CABB, 1978g)

In those few lines, we have a portrait drawn of the proponents which was crucial to the opposition campaign. First, the proponent group was limited, both in number, and geographically. The negative value of Miami Beach was emphasized even by Weiner, who acknowledged that the hotel owners there were not popular throughout the state. FACT had portrayed them as a group of entrepreneurs who had overseen the decline of the Gold Coast through policies of extracting profits without plowing them

back into the local economy or into the hotels themselves.

The argument about the out-of-state political arrangers is similarly laden with meaning. Because the campaign could be accurately portrayed as being conducted by non-Floridians, it could be easily dismissed as something out of step with the local population. This gave Weiner, and his Massachusetts native campaign manager Vitali, the look of vultures, who came to Florida only because they sensed it was the next place ready for a kill.

One of the facts about the Atlantic City situation was the desperation involved. Atlantic City after 1976 was nothing short of a miracle, whoever benefitted from the legalization, rising real estate values, and the increased construction and employment. That Atlantic City was established as an example of a desperate condition, made it possible for Florida casino opponents to argue that New Jersey voters were not in a position to scrutinize what they were getting into. They were making a pact with the devil, one which they could ill afford to pass up. The Florida casino opposition posed the question: was Miami Beach so desperate as to embrace gambling, or was legalization only deemed necessary by outsiders and rapacious hotel interests?

Next, Weiner was portrayed as a political arranger, a term which connotes corruption, and deals cut in back rooms removed from public scrutiny and accountability. That he was a bona fide political consultant, that basically he was the same sort of professional the opposition itself would hire, was overlooked.

Finally, the issue of the impact of the underworld, and the covert nature of their interest and control cannot be overlooked. Here, the casino opponents did not get as specific as they could have, for they declined to argue along the lines of the Herald's investigation.

They might have emphasized that the New Jersey legalization campaign was in large part financed by a Miami-based casino corporation which had long been suspected of ties to Meyer Lansky, and which had stood accused of many improprieties -- charges of skimming and of political corruption -- in their Bahamian casino operations. Overall, though, the depiction of the proponents as this small out-of-state group might have fit with the public's conceptions of the conspiratorial nature of organized crime -- a murky collection of economically interested criminals who operate in the shadows, and control politicians and public officials through their influence.

On the other hand, those who opposed casinos were listed as:

- * United Council of Churches
- * Rabbinical Council
- * Law enforcement agencies -- at all levels
- * Governor Reubin Askew
- * The responsible business leadership of Dade County
and the rest of Florida
- * Every major newspaper across the state
- * Greater Miami Chamber of Commerce
- * Senior Citizens Groups
- * Archbishop McCarthy
- * Tenants organizations

(CABB, 1978g)

CABB speakers were told to ask the final hard question: what are the costs and what are the benefits? The referendum, they argued, failed to consider the costs and loss of growth potential suffered by a state which relies on an activity with significant negative social implications. Parimutuels are clean, pump money into a senior citizens fund,

while Nevada -- again, the Gomorrah image was cultivated -- ranks first in the nation in suicide, personal bankruptcy, and murder.

The important question, CABB speakers were told to ask, was:

Would . . . mob influence

prostitution

personal bankruptcy

suicide

murder

divorce

loansharking

police corruption

political corruption

judicial corruption

traffic congestion on Miami Beach

pornography

extortion

narcotics traffic . . . decrease?

and would family oriented tourism

tax revenues from parimutuels

international banking

new clean industry . . . decrease?

Would the image of Florida as a place to visit and a place to live be better or worse? Would the overall quality of life for the average tourist and residents improve or decline with legalized casino gambling? Casino gambling, the speakers would state, produces no product, provides no service. It coldly and with mathematical precision separates the gambler from a fixed percent of his money every day, every month, every year. This is not the type of industry that South Florida needed more

of. (CABB, 1978g)

The speakers emphasized crime, both corruption and street crime:
 "As a community who believes in law and order, we should strive to reduce the influence of organized crime, not present it with additional opportunities to carry on its anti-social activities."

Relying on the Atlantic City experience -- the "other side" of Atlantic City, CABB speakers reminded voters the price that has to be paid, and that the same recurring mob patterns seemed to be reappearing in Atlantic City.

The negative economic side-effects were the second emphasis of this strategy.

- The new image of South Florida can be shattered
- The business climate would be tainted
- Florida would get: tawdriness, cheap glamour,
 inflated prices and the undesirable element
- All as a result of a few people whose interests
 didn't coincide with that of the state
- Legalization would lead to or encourage:
 - greed on the part of local merchants
 - real estate speculation
 - displacement of people
 - increase in hotel rates (CABB, 1978f)

In all their literature, speeches and appeals, CABB came back to one key argument: the incompatibility of gambling casinos with the long-range objectives of Miami and Florida.

In conclusion, the CABB attack echoed the sentiment of Miami Chamber of Commerce President Jeanne Bellamy, who wrote in a June letter to all members: "Miami's future is brighter today than at any time in

the last 15-20 years. This surging revival is due largely to the cooperation of governmental and private developers who are creating a New World Center. The Board feels that casino gambling would undermine all the good and positive action that was taking place." (CABB, 1978h)

"No Casino" Advertisements

In contrast to CABB, the bulk of "No Casinos"'s efforts were spent in television and radio spots, and campaign material.

Most of them took the form of "slice of life" 30 second and 60 second spots, in which a hidden camera zeros in on the conversation two people are having about legalization. The following nine highly professional spots, produced at the Criteria Studios -- where the Bee Gees had only recently recorded their platinum albums, were " . . . meant to reinforce people we knew were against casinos and show them there are other folks out there who feel the same way." (Krog, 1979; Markel, 1979)

1. Governor Askew on Taxes

Narrator: Some people think casino gambling will cut our taxes.

Askew: Casinos will not provide tax relief. Wherever you live in Florida, casinos will end up costing you money. More payrolls, because new industries and tourists will go somewhere else. Increased government spending caused by casino gambling and money wasted promoting Florida as a haven for gamblers. The odds on casinos are stacked for the promoters, not for the taxpayers.

Narrator: Who needs casino gambling? We don't. Vote No November 7th.

2. Husband and Wife -- Aid to Schools

Father: What's the matter, honey?

Mother: Johnny's unhappy about school. He says it's so hot he gets sleepy.

Father: Well, if casinos come, maybe schools will get air conditioning.

Mother: Casinos pay for school improvement? Some joke.

What we'll get will pay less than one day's county school bill. And who'll pay for the sewers and roads that they'll need? Us, that's who. We'll be ripped off again, just for a bunch of promoters who fouled up the beach in the first place. Who needs casino gambling? We don't.

Narrator: You've got to vote no to stop it, on November 7th.

3. Father and Daughter -- Jobs

Daughter: Gee, Dad, don't I need to look up North, where opportunities are?

Father: Honey, opportunity is where growth is. That's here in Florida. Homes are selling at record rate. The international banks, electronic firms, theme parks -- that's growth.

Daughter: But, Dad, I can't see casino gambling bringing in good companies, or investors, or anything.

Father: That's true, they never have elsewhere. But it's not passed yet. After all, who needs casino gambling? You certainly don't, sweetheart.

Narrator: You've got to vote no to stop it, on November 7th.

4. Governor Askew -- the possibility
of casinos spreading throughout Florida

Narrator: Some people say casinos will be all right as long as they stay in Miami Beach.

Askew: Once casinos get a foothold in Florida, their well-financed lobby will be pushing for more and more territory. For two years during the depression we had legalized casinos, but it took us years to get rid of the harmful effects all over the state. If you don't want casinos or slot machines in your backyards, don't put them in Miami's front yard. Like weeds, they will spread to wherever you live.

Narrator: You've got to vote no to stop it, on November 7th.

5. Governor Askew -- tourism

Narrator: Some people say casinos will be good for Florida tourism.

Askew: Casinos can permanently damage our tourism. While some new visitors will come to the casinos, many old friends will choose someplace else. The average casino tourist spends only four days gambling. The average Florida tourist spends 13 days in a wide variety of activities and shopping. We're one of the top tourist areas in the world. Let's not spoil a good thing.

Narrator: You've got to vote no to stop it, on November 7th.

6. "Two Women in a Supermarket" -- inflation

Woman 1: Prices are just terrible.

Woman 2: Casino gambling may help. There'll be more money.

Woman 1: Did you read about Atlantic City? Everything's higher. Casinos are inflationary.

Woman 2: Casinos say they'll bring a lot of jobs.

Woman 1: Jobs at casinos? How about jobs lost when businesses or people won't come because of higher costs? They don't subtract jobs lost. Gamblers spend their money gambling. They're gamblers, not tourists.

Woman 2: Makes sense. Who needs casino gambling?

Woman 1: We sure don't.

Narrator: You've got to vote no to stop it, on November 7th.

7. "Two Black Law Enforcement Officers" -- crime

He: Jan, do you think this casino thing will pass?

She: I sure hope not.

He: Even if it pays for more law enforcement?

She: You'll get more crime. A guy loses, borrows, loses that. He has to get it from somewhere. Maybe from a holdup, or a mugging. And maybe you'll have to chase him.

He: We've got our hands full already.

She: Well, think twice. You want more tourists or more gamblers in this state? Who needs casino gambling? We don't.

Narrator: You've got to vote no to stop it, on November 7th.

8. Narrator -- Florida's image of itself

Narrator: Florida is looking hard at itself these days, at what it wants to be, where it wants to go. Most people know that casino gambling just doesn't fit in with those plans. People and promoters who want it for their own benefit will vote for it. You just can't be against it, you've got to vote against it. Here's how. Look for Amendment 9 on your ballot. And vote against it. You've got to vote against casino gambling to stop it.

9. Narrator -- legalization promises suspect

Narrator: Florida has looked hard at its own progress, and has looked hard at the casino gambling promises, and found the promises bigger than the facts. Not quite 89,000 jobs. Not quite \$120 million. Not quite 10 million tourists. And maybe not quite only in Miami Beach. They've tried to fool the people. There's one way to stop the false promises. Let them know on your ballot. Look for Amendment 9, and vote against. You've got to vote against casino gambling to stop it.

Television stations picked up on these themes, as can be seen in the following selections of Miami anti-casino television editorials.

May 26, Channel 4

"Atlantic City Fever"

Miami Beach is not a down-and-out resort area like Atlantic City -- the future of South Florida is

linked to "many positive and constructive things" which don't involve casinos. "Before you jump on the casino bandwagon . . . remember the price to be paid . . . and it's a very heavy one for a decent community to bear."

June 8, Channel 10

The issue is whether South Floridians want to sacrifice their clean family atmosphere in order to make a handful of casino operators rich.

August 9, Channel 10

Many people don't think the fast-buck, something-for-nothing philosophy is a healthy basis for long-term prosperity.

October 11, Ch. 10

The truth is that casino gambling would benefit a handful of entrepreneurs at the expense of just about everybody else.

October 12, Ch. 7

As a practical matter, the casino is where the bucks would stop.

Resorts -- just one casino -- is shown to have raised considerable problems already in New Jersey.

October 24, Ch. 4

With the change to 8 story instead of 500 room requirements, it is estimated now that 30 or more beachfront hotels would be eligible.

"Instead of a few, well-regulated casinos in the largest hotels, we now have the group advocating 'no holds barred . . . a 'let 'er rip' attitude which removes any semblance of logical restraint.

October 27, Ch. 4

From a Tampa station: would you trade Disney World for Las Vegas? Florida already has gambling, and a much safer type that's easier to regulate. "As for new jobs, those created by new businesses and industries are worth a lot more. They pay better and are more permanent, and they attract a better class of citizen. There is a lot more room for new offices and factories in Florida than for casinos."

Conclusion

Polls showed that the legalization issue was even as late as August, and therefore one would have to say, taking Weiner at face value as well, that the issue was up for grabs until the campaign began. Despite some analysis which mentioned the "Bible-belt mentality" of the largely Baptist Florida population, the proponents had written off that small minority which was adamantly opposed to gambling for religious reasons. One could not say, then, that for religious reasons, Florida was necessarily pointed toward defeat of the measure.

Still, the question persists: was Askew a moral entrepreneur, acting out of his own personal rejection of gambling and its atmosphere of drink and sex?

Before concluding that opposition by Askew and his power brokers was not generated by their feelings about the morality of gambling, one would have to consider that they may have merely couched moral objections in a more sophisticated, economic context.

It might well be that the Florida opposition against gambling was mobilized for legitimate economic reasons -- that it would be detrimental to the economy, that it would endanger a thriving tourist economy of some size already existing in the state, and so on. But it might also be argued that the opposition was no different than that which existed in New Jersey, only more sophisticated and cognizant of the fact that a morality-centered opposition had failed in that state. For this kind of argument, we might want some evidence which showed that Askew, and some of his allies, similarly strict religious believers such as Chapman, were actually objecting to the nature of gambling itself, and were using the economic arguments to dress up their very deep-seated personal moral and religious antagonism to gambling.

Such evidence appears in one passage from an article Askew wrote for Presbyterian Survey, which appeared in October 1978 under the title, "Casinos in Florida: A Bad Gamble." (Askew, 1978b) In it, Askew is described as follows: "The author has been governor of Florida since 1971, and is an elder in First Church in Pensacola, Fla." Early in the article Askew asks, "How can we combat the gambling ethos in a society that is regularly propangandized to think that: 1) the consumption of material goods is the key to happiness, and 2) people who are daring, clever, or lucky have a shot at getting those goods without having to

waste their lives working for them? The fantasy of the gambling life attracts not only the trapped and desperate, but the affluent and the mildly bored."

"Even those of us who oppose gambling find it difficult to oppose it directly. (Italics added) In Florida, we have already lost the fight against legalized gambling. The question is whether to expand from parimutuel gambling to casino gambling." (Askew, 1978b)

Even if it was popular among the opponents of legalization, this sort of argument was carefully kept out of the "No Casinos" and CABB campaign literature, commercials, and presentations. There were many who might oppose gambling and the "outlaw businessmen" who would be legitimized by legalization, but the No Casinos campaign was carefully aimed at the latter objection. For the opponents, as well as the proponents, knew that the minds of those voters with strong moral objections to gambling were made up, and that it was a wasted effort to appeal to the electorate on those grounds. So what did work?

In conclusion, several things can be seen as crucial in the success of the anti-casino groups. Most importantly, the Governor committed his time, and put the arm on others to make this a priority issue, donate (at \$25,000 for his closest allies), and to commit time to the casino opposition effort.

What exactly was it about Askew's performance that led to the defeat of the measure? Probably, we should rule out the impact solely of his personal endorsement. One poll taken for the "No Casinos" showed that Askew's opposition would likely only cause 5% of those initially favoring casinos to change their votes. The key benefit derived from Askew's wholehearted dedication to defeat of the gambling measure was not the number of "turnarounds" his support provided, but rather the

legitimacy and access to the media that his support offered his opponents.

The business community, led by the CABB group, and allied with Askew's confidants, coalesced around the issue as their counterparts had not in New Jersey. The anti-casino forces were well-financed, united in their strategy, and organized in their operation. Unlike New Jersey, where only \$20,000 was spent, the opponents raised and spent among the four groups some \$1.6 million. And they used it effectively -- professional polls, low-key, professional literature, timely and persuasive television and radio spots. They were able to attract many businessmen, politicians, media executives and prominent decision-making and policy shapers to their side, and to neutralize others -- something Weiner had been successful at in New Jersey. In fact, they made it unpopular for any opinion leaders to support casino gambling.

The tone of the anti-casino campaign shaped the nature of the debate. From the start the proponents were described as outsiders, the campaign itself linked to Weiner as a political consultant/hired gun from out of state. The implication was that the proponents were people out of touch with the real needs, beliefs, and desires of the Florida population. Then they were portrayed as promoters, and this coincided with the portrayal of the actual Florida backers -- millionaire Miami Beach hotelmen who were looking to make a killing with the increased tourism, hotel construction, and property values along the Gold Coast. The idea that the price would be paid by all the Florida residents while the benefits would accrue to a few millionaires, who would become multi-millionaires, was an attractive theme. When combined with the neutralization of opinion leaders, this outsider label served to alienate the proponent group from any powerful base of political or financial support, save for those

hotel interests that would directly benefit.

There were some persuasive structural reasons why, campaign issues aside, Floridians may have been less conducive to accept the legalization of casinos as a means to improve their economy and relieve tax problems:

Much of the success was attributable to Askew. He was popular, he was widely regarded as a moral person, with a great deal of integrity. He had introduced reform legislation during his administration, and he was never suspected of involvement in any scandals. During the campaign he was careful to keep the parimutuels and their \$750,000 campaign fund at arms length, so that he would not be tainted by the charges that he was fronting for other interests, who might already by exerting influence in his administration. Askew made it his number one priority, and the extent of his commitment had been underrated by the proponents.

Askew's timing, ability to encourage large donations from powerful contributors, and emergence as the central organizing point for the coalescence of interests had to be considered the first crucial activity. As a popular governor not standing for reelection, Askew had the luxury of making such a principled stand. The leading gubernatorial candidates, by comparison, didn't back the legalization measure, but promised not to veto enabling legislation if the initiative did pass. Chambers of Commerce across the state were asked to take a position. It was the prime issue of concern of the greater Miami Chamber of Commerce. It became an important issue by election day.

By October, according to No Casino strategists, they had achieved their goal of making gambling a serious question of debate: 25% of the population identified it as the most important issue in the election. Taxes, by comparison, ranked next at 5%. This was a success of the No

Casino plan, which had been to make the legalization question an over-riding issue, and then get the vote out. (Krog, 1979; Markel, 1979)

Florida was among a handful of states -- most of the others small -- where the tax bite was being reduced, instead of expanding ahead of or at the same rate as the national average. Thus, a pro-legalization argument that a fiscal crisis, combined with the deterioration of Miami Beach as an attractive resort town, compelled Florida to accept this innovative plan for economic development, and a relaxation of the tax burden, was presented to an electorate which was not as desperate as residents of New Jersey had been. While Atlantic City's problems may have typified New Jersey's crisis, Miami Beach's decline was at odds with the relative prosperity of the Florida economy. Las Vegas and Atlantic City were used as negative examples for the opponents. Atlantic City's early success with casinos never became a strong point for the proponents as the problems of legalization -- senior citizens kicked out of their inexpensive housing to make way for speculators, the problems of uncontrolled growth, the attendant police expenditures for increased law enforcement -- were emphasized by anti-casino advocates. Askew argued that, in Nevada, casino industry money found its way into the political process, and predicted the same -- with dire consequences -- for Florida. Nevada was shown as having high crime and suicide rates -- not the "quality of life" that Florida projected and hoped to share in through legalization.

There had been illegal casino gambling in Florida before, and it had flourished as a result of public corruption. The ties of organized crime to Florida were legendary, and the increased drug traffic from South America was noted prominently in Florida news reports. Another opening for organized crime-affiliated businesses was not especially welcome by certain powerful sectors of the business community and the state -- a

situation which contrasted with that of New Jersey.

The Florida media opposed casinos, and contributed heavily to the opposition campaign, even where it risked cries of improper influence. The legalization issue was presented in full coverage by the Herald, one of the nation's premier dailies, in a series of investigative articles which concentrated on the roots of the legal casino gambling industry in organized crime.

The proponents never recovered from the anti-casino groups' challenge to the accuracy of the data base and assumptions employed by the firm which did the Let's Help Florida projections. This had not occurred in New Jersey, where the benefits were defined by the proponents, and went unchallenged.

The problems of the Let's Help Florida campaign were noteworthy. Proposed gambling control legislation had been used in New Jersey to assure voters that the state would enact the world's strictest gaming control regulations. In Florida, the proposed legislation was changed in mid-campaign, to allow as many as 40 casinos on the beach, when earlier drafts had specified only seven possible casinos.

The moral-economic tone of the opposition was crucial. Unlike New Jersey, where a church-led opposition had sounded an anachronistic religious and moral opposition to gambling, Florida's opposition was geared to possible negative impact on business, especially tourism, international trade and finance, and new industry. Florida's current tourist industry, Miami Beach's decline aside, was large and healthy, and catered to a different clientele than casinos would. Much was made of this in the opponents' literature, as casinos were portrayed as inimical to family tourism, the strength of the Disney World-led rise in Florida's tourist economy.

Miami Beach was, at the time of the election, being presented as an international trade and finance center, and this had several complications. For one thing, the opponents could point to the rise of Miami as a hemispheric capital, and show that the economy of South Florida was healthy and thriving. The anti-casino assertion that "Miami's future is brighter today than at any time in the past 15-20 years," seemed to deflate the desperateness issue. Instead, the question was posed another way: "Would the taint of the organized crime-associated casino gambling industry actually impair Miami's ability to attract new visitors?"

One observer remarked after the campaign was over that it had come down to the "big promise" vs. the "big scare." If that was true, the manner in which the "scare" took shape undoubtedly accounted for the results. The characterization of legal casino gambling as "painless prosperity" never took hold -- opponents challenged the notion that it was painless, due to the many offsetting costs of legalization, and they even questioned the basis of the prosperity argument.

The Florida anti-casino campaign proved the value of effective mobilization around a perceived threat. The mobilization of the local power elite around a well-financed and professional low-key campaign gathered those whose real interests might be threatened by legalization of casinos there. Given the state of the Florida economy, Florida voters could be approached with the argument that their material interests were threatened, rather than served, by the integration of a potentially lucrative -- yet financially suspect -- legal casino industry.

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CHAPTER 7

THE POLITICAL ECONOMY OF SOCIETAL REACTION:

THE PERCEPTION OF THREAT AND THE MOBILIZATION OF DEVIANT DEFINITIONS

"... one of the important formal requirements of a fully social theory of deviance that is almost totally absent in existing literature, is an effective model of the political and economic imperatives that underpin on one hand the 'lay ideologies' and on the other the 'crusades' and initiatives that emerge periodically either to control the amount and level of deviance or else (as in the cases of prohibition, certain homosexual activity, and, most recently, certain 'crimes without victims') to remove certain behaviors from the category of 'illegal' behaviors. We are lacking a political economy of social reaction."

- (Taylor, 1974:274)

Given the fiscal crises which many states experienced during the 1970s, in the midst of a world crisis of capitalism, and a downturn of the economic and political status of the United States as a world economic power, it would not be surprising to find that gambling could be legalized, in various forms, across the United States. Since gambling had been permitted, in certain forms, since colonial times, and since it generated the least amount of moral indignation, it seemed a likely candidate for decriminalization. At the same time as a tax revolt movement swept the country, changing tax laws in 38 states between 1978 and 1980--in the aftermath of California's Proposition 13--advocates of gambling legalization could make the case for added revenue, a lighter tax burden, and increased economic development from incorporation of a formerly prohibited activity. In fact, in the one state of those in this study which did legalize casinos, the economic effects were sizeable--between 1978, when the first casino opened, and

September 1981, New Jersey casinos grossed over \$1.8 billion, and contributed more than \$160 million to New Jersey state special funds for elderly and disabled tax and rent relief. Property values skyrocketed, and Atlantic City had been revived, as promised, and returned in a new form to a position of prominence among resort and convention towns on the East Coast.

This legalization process might be presented as a legal reform which occurred without much debate, much concern, or much animosity, applying the tenets of a consensus theory of the creation of criminal law to the results: faced with an unpopular and ineffective law, intelligent citizens acted to modify the criminal code, and institute a more realistic policy toward a prohibited but still popular activity.

This study instead presented the casino legalization process as problematic, and identified the particular contributions of certain political and economic interests who found casino gambling threatening, who mobilized forces around that perception, and shaped the legalization debate accordingly.

In Chapter One, a series of propositions were presented which, taken together, form the basis of a conflict theory of the social origins of criminal law. These were: that the criminal law is an expression of politically and economically powerful groups and their ability to shape the legal system; that the activation of deviantizing, the process which precedes imposition of the criminal stigma, depends upon the extent to which the economic, political, religious, or status interests of dominant groups are threatened; that the ability of individuals or groups to withstand deviantizing depends upon the socioeconomic status and resources of subjects considered for deviantizing.

In those examples of the legalization of deviance which have occurred in the past ten years--most notably that of marijuana use, abortion rights, and, to some extent, decriminalization of prostitution--politicized groups of deviants have mobilized around the definition of a particular activity as reputable or disreputable. In the case of a woman's right to abortion, the locus of the definitional struggle has been over the definition of life, the status of the fetus and over the proper agent of responsibility for the fetus--mother, medical profession, or the state. In the example of marijuana, the debate centered around the addictive and other detrimental qualities of the substance, particularly in so much as it led to increased drug use, and possibly increased criminality. In either, the dominant definition of the activity as harmful to society--as well as to the individual participants or users of it--was challenged by those who hoped to overturn present prohibitive policies. There were several variations of this challenge: new evidence about the activity prompted a reconsideration of its criminal status; changes in the societal mores called for a relaxation of certain outdated prohibitions; more pressing social needs are used to justify liberalization of the restrictive laws, even where a reevaluation of the harm associated with it has not taken place.

In the examples of abortion and marijuana cited above, public sentiment was marshalled by specific age and gender identifiable interest groups, and the debate took place in a public forum--as planks of major political party platforms, as demands of protest groups, in editorials by progressive media. This model of politicized deviance contains a crucial element: the public redefinition of the activity

as presentable or reputable, acceptable variation or personal right.

Taking casino gambling as a prohibited activity, and considering organized criminals as a deviant class, this thesis has identified the circumstances under which the normalization of this particular deviant is possible. The data suggest that normalization of organized criminal-associated industries is most possible when crucial economic interests do not associate the activity with a threatening group, and do not take action to block its legalization. Additionally, the data suggest that particular attention be paid to the success of inside strategies, those which rely upon a network of social and political friendships to gain access to critical decision-makers.

In New Jersey, those who advocated casino legalization were not perceived as deviant economic or political actors by the dominant political and economic interests--particularly the Governor of New Jersey. Resorts International was the major contributor to the proponent campaign; for its local counsel, Resorts hired the brother and uncle, respectively, of the two Atlantic City legislators who introduced the enabling legislation for casino gambling. The removal of threat was facilitated by a series of face to face meetings between New Jersey state officials and Resorts executives. (Mahon, 1980) The organized criminal-associated gambling corporation was not a powerless deviant group, at the mercy of those who could impose a deviant definition, and make it attach. In Florida, by contrast, such a stigma was attached.

There, the legalization advocates were isolated from any influential financial support, and were easily portrayed as deviants--and their capital implied to be criminal capital. Powerful banking and

media interests, behind the leadership of a popular governor, were able to resist the redefinition of the casino industry as reputable.

The success of the opponent groups in Florida can be attributed to the presence of an active and powerful coalition which: challenged the ascendant definition of the casino industry as reputable; challenged the needs assessment of the legalization proponents--that Miami Beach and the Gold Coast "needed" casinos; challenged the estimates of projected benefits, which caused the proponents to expend vital campaign resources defending the heart of their program; prevented momentum from developing on the proponent side; consequently, prevented the concept of painless prosperity, which had been easily established in New Jersey, from taking hold.

Those who have studied deviant liberation movements have argued that such movements have certain constraints, beyond the normal constraints generally encountered by social movements. While all social movements must attempt to gain legitimacy from public and political authorities, Weitzer (1980) notes, deviance liberation movements--whose legitimacy is jeopardized by their aberrant and disreputable membership--must struggle to offset dominant definitions of their members as disreputable.

How was this legitimacy achieved in New Jersey? After the previously mentioned private meetings between Resorts International officers and New Jersey state officials, the proponents' campaign could proceed without encountering the resistance of powerful opponents. As a result of the private resolution by crucial interests of the worthiness of Resorts, the proponents' campaign was not forced to dwell upon the public acceptance of Resorts and the legal casino industry as

reputable actors. The legalization debate was not framed as a referendum on the worthiness of Resorts as a likely candidate for economic and political integration. Instead, proponents only had to establish that legalization of casinos would produce the intended and advertised beneficial results--increased employment, economic revitalization of Atlantic City, and an increase in tax revenues for the state of New Jersey. The proponents were therefore able to emphasize in their campaign material the benefits of legalization, rather than the worthiness of gambling itself. Weiner emphasized this when he said that gambling was a "bad word," and that he intended to sell the benefits of legalization. The New Jersey Society of Architects reiterated this when they announced that New Jerseyans should vote for legalization as a vote for more work, rather than as a vote for gambling. The pro-legalization arguments were carefully aimed at the self-interest of the citizens, rather than to a concern for the well-being of a wrongfully labelled deviant group--which has been the case with other campaigns aimed at the legalization of deviance.

LEGALIZATION LIKELY (New Jersey)	CONTINUED CRIMINALIZATION LIKELY (Florida)
<p>1) Objective threat</p> <p>Unclear:</p> <ul style="list-style-type: none"> -Potential operators/investors were not identified by state economic or political interests as risks to social or economic fabric. 	<p>1) Objective threat</p> <p>Clear:</p> <ul style="list-style-type: none"> - Loss in revenues to other sectors of the economy. -Impairment of economic image of state. -Integration of undesirable economic interests.
<p>2) Material benefits</p> <p>Clear:</p> <ul style="list-style-type: none"> -Revitalization of Atlantic City was easily established as a campaign goal: Atlantic City was beyond repair. -Revenues projected for jobs and state revenues, which would not come from any competing sector. 	<p>2) Material benefits</p> <p>Unclear:</p> <ul style="list-style-type: none"> -Were challenged as speculative. -Were challenged as misstated-- not allowing for losses in revenues to other gambling or tourist sector.
<p>3) Resources</p> <ul style="list-style-type: none"> -\$1 million raised for proponent side, and only \$25,000 for opponents. 	<p>3) Resources</p> <ul style="list-style-type: none"> -\$1 million raised early by opponents. -Coalescence of banking community and media around opposition.
<p>4) Strategies of proponents</p> <ul style="list-style-type: none"> -Sell the benefits of legalization, not the merit of gambling. -Combat opposition arguments (and scare tactics) with promised protective policies: strict controls and protection against proliferation of casinos. 	<p>4) Strategies of opponents</p> <ul style="list-style-type: none"> -Keep away from moral issues; run a low-key campaign; emphasize that prosperity would be threatened by legalization. -Force the proponent groups into defensive posture.
<p>5) Access to decision-makers</p> <ul style="list-style-type: none"> -Resorts' attorneys were brother and uncle, respectively, of sponsors of legalization campaign guaranteed their acceptance as legitimate actors. 	<p>5) Access to decision-makers</p> <ul style="list-style-type: none"> -Access to important business and political actors sparked <u>problem consciousness</u> around the issue and cut off proponents from support (and gathering momentum).

Conditions Under Which the Legalization of Casino Gambling is Likely

From the New Jersey example, the following conclusions can be drawn. Legalization of casino gambling is possible: if an appeal to positions on which societal consensus is clear, such as tax relief, especially those which have a conservative base of support, is possible; if the case for tolerance has been made by other sectors of society--in this case by liberal legal scholars who argue for mature and just laws governing victimless crime; if the opposition is neutralized or splintered, or, perhaps, as a result of either of these first two processes, forced into espousing a position with limited appeal; if appeals are made to the material self-interest of the citizenry, rather than to some concern for the well-being of the deviant--both tax relief, and a return of wasted resources spent on criminalization fall into this category; if other states have already made gambling respectable by legalization of other forms; if those problems associated with legal casino gambling can be implied to be caused by specific political alignments in those locales which permit the activity; if the legalization movement can be dissociated from potentially discreditable membership; if the support of influential state and business sectors is forthcoming; if strict state control, rather than laissez faire market forces, is proposed as part of the legalization plan; if the wisdom of the existing state policy is clearly challenged; and if the social benefits of legalization rather than the benefits of the activity itself, are emphasized.

Passage is achieved when an ascendant definition of casino gambling as a non-threatening economic activity can be established. In this study, the definition of casino corporations as legitimate

economic interests was established in the successful legalization example by: the establishment by legalization proponents of clear benefits of legalization--tax revenues, economic development, rise in employment; the characterization of legalization as a prudent measure, consistent with existing policies, rather than as an abrupt shift in policies; the presentation of techniques to guard against damages brought by legalization, political corruption, infusion of tainted interests, adverse effects to "quality of life."

Conditions Under Which Continued Criminalization of Casino Gambling is Likely

Florida is a conservative state, but that fact alone could not explain what happened in the legalization campaign there. Tax revolt movements are similarly conservative, and, as indicated, the anti-casino vote in Florida occurred at the same time as a sizeable tax revolt movement was sweeping the country. It was, rather, the ability of the Florida opposition group to prevent a fiscal conservative pro-legalization sentiment from developing. With the conservative positions blocked for the proponent forces, the opponents could attract those voters to the notion that legalization would irreparably damage Florida's economy and society. This finding is consistent with a proposition stated earlier: it is not enough for influential groups to be threatened--they need also to depict that threat in a manner which translates into a threat for the general population, particularly those who vote. Governor Askew was able to convey the "sense of trouble" he felt about the issue to influential Florida economic interests. (Emerson and Messinger, 1978)

The Florida opposition forces exhibited superiority on three levels: their resources, their strategies, and their access to decision-makers.

Opponents were able to raise money quickly, after Askew asked for \$25,000 donations, and they were able to reserve valuable television advertising space. Still, the 1974 New Jersey example--where proponents outspent opponents by 25 to 1--indicates that the simply material advantage of resources is not sufficient to ensure success. But resources can be considered necessary, after observing the 1976 New Jersey opponent experience.

Opponents coalesced behind the leadership of Florida Governor Askew at an early and crucial point--the June breakfast meeting--and set out to make gambling an important election issue. They carefully deployed their physical, organizational, political, and motivational resources. In New Jersey, the campaign had been run on the momentum of the proponents' definition of the issue, since a vacuum of opposition existed. In Florida, this was reversed.

The CABB and No Casinos groups decided to employ a low-key strategy, and aimed their critique at the economic program of the legalization proponents. In this way, they did not risk losing their hard-rock conservative, Baptist support, and stood to gain votes among the "conductive middle"--those middle-class homeowners who, while not avid gamblers, were tolerant enough to consider allowing casinos in their state if legalization meant tax relief, increased tourism, economic development, and strict state control of the negative effect of legalization--rampant prostitution, and an increased organized crime presence.

If the important stage in the criminalization and legalization processes is the mobilization of threat, then the access to powerful constituencies is a crucial variable in the persuasion of influential groups that they are indeed threatened by the proposed change in the law.

In Florida, the access to decision-makers appeared to be the most important variable, since it led to a capability for the opponents in the amassment of resources and the employment of strategies dependent upon those resources. It was demonstrated in the New Jersey case that key interests--from the Governor, to key Atlantic City legislators, and the indigenous print media--had the opportunity, after the Resorts contribution, to do some soul-searching, and decide whether they were going to support a project backed by an organized criminal-associated contributor. For them, Resorts was a legitimate entity, a publicly traded corporation with legal gambling operations elsewhere. The allegations of corruption of public officials, laundering of illegal funds, and stock manipulation, could be categorized by New Jersey officials as unproven charges. It should be noted that, prior to the November 1976 election, Resorts stock remained at \$2 or \$3 a share--the corporation's legitimacy was not yet derived from its popularity as a stock investment. Instead, a series of meetings between Resorts executives and key New Jersey elected officials provided an early imprimatur for Resorts' entrance into Atlantic City. By making the determination that Atlantic City was ripe for development as a casino capital, and backing that determination with real estate speculation, as well as contributions to the pro-casino campaign, Resorts was able to establish itself as a valuable partner to the State of New Jersey, and

to business interests who had advanced the concept of casino gambling as economic development. For example, the Chairman of the Trenton Chamber of Commerce was a member of the Resorts Board of Directors. By hiring an attorney who had been an assistant to a former New Jersey Governor as their Trenton counsel, Resorts further cemented its image as a responsible, even locally respectable, corporation.

In Florida, by contrast, the proponents' access to decision-makers was severely curtailed by the actions of the opposition forces. Opponents sought, by one campaign strategist's report, to "make it difficult" for any opinion leader to come out publicly on behalf of legalization. As New York observers have indicated, the stigma of organized crime association and corruption is still significant enough--and public opinion polls reflect this--to deter those for whom that stigma might prove troublesome in their political or professional career. In Florida this access was visible at three important levels: political leadership, business--especially banking--and the print and electronic media.

Governor Askew, by one account, had a number of political favors due him after seven years in office, and decided to call them in on this issue. His political strength has been documented earlier; this provided the first level of support. He was able to enlist the support of those who might, without his prodding, have remained "potential partisans." (Gamson, 1968)

The CABB forces in Florida presented a formidable challenge to proponent strategists who hoped to enlist the support of influential business interests. The bankers who formed the leadership cadre within CABB expressed the position long taken by institutional lenders who

considered legal casinos a suspect industry.

The Florida print and electronic media played a clearly important role in the campaign through direct contributions to the anti-casino campaign, and the use of their editorial powers to circulate several important opposition themes.

Hypotheses

From the findings detailed in the previous section, several hypotheses about deviance struggles can be proposed.

The first hypothesis is: the more broad based the support for legalization of a vice, the easier the establishment of legitimacy for the legalization movement, and the more likely success.

Where opponents are able to limit the proponents to a narrow, and less powerful, base of support, the public benefits for legalization are more difficult to establish, while the private interests of proponents are easier to spotlight. The width of the political base thus determines the acceptability of the proposal.

The second hypothesis is: in a campaign where legalization advocates emphasize the economic benefits--rather than the social rationale--of legal reform, opponents can be successful when: they are sufficiently powerful to authoritatively question the need for reform; they challenge the estimates of benefits; they refute points which otherwise normalize the opposition--in this case, that strict state control will keep organized crime out--and show that problems caused by legalization are endemic, rather than restricted to certain locales. The locus of

the struggle over the legalization of casino gambling is over the definition of this activity, which had its roots in organized crime, either as something which taints the economy of a state, or contributes to it--a determination flowing from the designation of the casino operators as either fronts for organized criminals or legitimate businessmen. A comparison between the accommodation of Mormon interests in Nevada and the opposition to legalization by religious groups in Florida forms the basis for this third hypothesis: one's material interests determine whether one can afford the luxury of expressing symbolic interests; once expressed, these symbolic issues can shape actual material interests.

One of the historic stigmas attached to organized criminals has been the intimation that they are alien bred, rather than products of economic and political forces within American society. Thus, they could be shown to draw upon alien, criminal values, rather than adjusting to structurally blocked routes for upward mobility. Numerous studies of the stigmatization process have shown the concept of outsider status to be important. Duster (1970) traces the rise in moralization of heroin usage to class shift among users of the narcotic. Bonnie and Whitebread (1974) show that the threat of Mexican immigrants to Anglo culture and hegemony in western states encouraged the assignation of criminal status to marijuana use among Mexican workers. Material on marijuana decriminalization explains that it was the establishment of the average marijuana smoker as an insider--primarily white, middle class teenagers--that removed the threat that decriminalization previously posed and generated a redefinition of marijuana. From these studies and others, a fourth hypothesis can be discerned: the imposition of

outsider status reinforces the marginality of the deviant and contributes to the maintenance of stigmatization. Thus, indigenous leadership is one important variable in legalization campaigns.

There is another level to this proposition. Gusfield claims that advocates of redefinition are rarely drawn from the universe of users--in fact, an analysis of the relative success of deviant movements might show that the success of the movement varies directly with the reliance upon the group to be affected by the reform. This study showed that when potential bases of support for legalization are cut off for the proponent group they can be portrayed as merely self-interested. Furthermore, if their basis of support can be shown to be both self-interested and from the outside of the state, then the assignation of marginality will be that much easier to make.

A fifth hypothesis can be derived from the study of the "stigma contest" or legalization campaign. Rather than amassing points by winning arguments in which the opposing side concedes the issues, there is a different--and determining--dynamic to the stigma contest: the central definitions are problematic, and at stake in the struggle. This coincides with Cohen's (1966:12) observation that there are "obscure borderlands" between deviance and conformity and Matza's point that ambiguity is ". . . implicated in the very idea of deviation." (1969:12) Consequently, the success of either group is tied to their ability to downplay the issue which the other side sees as central.

Models of Legalization of Vice

Studies of the decriminalization of marijuana emphasize the effect upon marijuana laws of widespread use among white middle-class youth. When marijuana use crossed over class and race lines, the threat--and the links to criminality and increased narcotic use--which accompanied marijuana use was called into question: if the activity was not threatening, then another way for society to treat it should exist. It needed to be redefined as something other than crime--an acceptable variation, a private matter, or a generally non-threatening activity. In this case, Type A, the activity itself was at first defined without much conflict, and later is opened for redefinition, a process which depends upon a triggering event or condition to initiate reform.

In other cases, Type B, the dominant definition of the activity was only achieved after a struggle, and the subterranean definition is summoned up if policies resulting from the dominant definition are not successful. In the case of Prohibition, the argument of those seeking repeal went to the ineffectiveness of criminalization policies. The market for alcoholic beverages had not been destroyed by state criminalization policies, and tax revenues and jobs had been removed from the legitimate economy and reappeared in a politically powerful underground economy of vice. Many industrialists who, while not temperance leaders themselves, had agreed with the "dry" argument that Prohibition would generate productivity, later advocated repeal on similar grounds: that it would bring prosperity, through the reincorporation of the liquor industry, and through the redirection of tax revenues away from organized criminal interests and back to the state. The ideology of these repeal supporters referred directly to

the policy of criminalization. They sought to correct a misguided law which was a clear failure, which had caused new social problems, and which represented a dangerous overextension of the criminal law. They emphasized that they weren't attacking the social ideals of Prohibition laws, only that they were dismayed by the actual results.

A third type of decriminalization struggle, Type C, involves the politicization of deviance, and the role of specifically designed social movement organizations to achieve decriminalization. In the case of abortion rights and gay rights, specific legal reforms have been proposed by social movement organizations, which argue for a redefinition of an activity as a right, rather than a privilege. Thus, gay rights advocates argue not that the present laws are discriminatory and cause unnecessary harm to those consenting adults who choose a sexual variation, but instead argue that sexual preference is a civil right, to be protected by the constitution in the same way that equality by race is protected. Similarly, the dominant pro-abortion arguments, while they range across a number of political, philosophical, and religious boundaries, emphasize the right to abortion, not that medicalization is preferable to criminalization.

The studies presented in this thesis can be identified as Type D. Like the example given in Type B, there is no longer a consensus on the effectiveness and prudence of using the criminal justice system to control the activities. Unlike Type B, there is not a clear consensus that criminalization policies are either unwarranted or ineffective. Rather, there are alternative values--such as reduction of taxes to offset a fiscal crisis--which can be met by a shift in policy, and which outweigh the continued pursuit of enforcement goals with limited

potential results. Thus, in D-type arguments, the case need not be made that under all circumstances "D" type activities should be legalized. Instead, the argument follows that, if criminalization and decriminalization are both designed to achieve the same type of desirable results--whether that is a reduction of the crime rate or of the tax rates--then the debate is framed by arguments as to which policy actually accomplishes that goal.

A Dynamic Model of the Role of Political and Economic Elites in the Legalization of Vice

Many prior studies of social change and legal reform have emphasized the role of economic interests in the formulation and enactment of the criminal law. These studies have identified the ways in which economic interests, threatened symbolically or materially, can exercise their position to prompt the definition of an activity and the labelling of that activity as deviant or criminal. The role of these interests takes different forms at different times; to exert themselves at crucial times, to make less of a difference at times when they are not threatened. These studies have placed a different emphasis upon certain material and symbolic powers of the threatened elites.

This study argues for a modification of that perspective, emphasizing the dynamics of legal reform, particularly of the redefinition of an activity which was formerly criminalized, and is considered for either decriminalization or legalization. The redefinition of the reputability of an activity is not simply a matter of power A achieving outcome A' by applying pressure to the correct point at the appropriate time, Rather, it should be viewed as a constant shifting of struggles,

the taking of offensives, struggles to place the opponent on the defensive--emphasizing the importance of timing, and especially of the crucial potential for blockage by social movement groups. The more blurred the definition of the activity considered for redefinition, the more crucial these variables become, since the establishment of master or subordinate statuses of an activity is central to the stigma contest. (Hughes,)

In the two previous case studies, a number of factors, if they were removed or reversed, might have produced opposite outcomes.

In New Jersey in 1976, the most obvious change would be for a governor to be in office who might either fear being tainted by the organized crime issue, or who was morally opposed to gambling, or opposed to the type of promoters and entrepreneurs the legalized activity might bring.

Even if this person were not in a position to devote long hours to the campaign, or in a position to risk his political future on the opposition of the activity--cutting himself off from future campaign contributions, for instance--the lack of a strong proponent might have the effect of neutralizing other potential supporters who would not enter the campaign unless they could do so behind the leadership of a central legitimizing force like the governor of a state.

If either governor was unpopular, then the unpopularity might have encouraged the alliance of other forces who might have been able to use the governor's support as an argument against the reform.

If the opposition in New Jersey in 1976 had turned away from its church-based attack on gambling to a sophisticated and low-keyed attack upon the economic projections, it would have been more successful, if

the Florida results are any indication. If, for instance, it had concentrated on the potentially corrupting influence of this activity with historical ties to organized crime, in a state with a history of organized criminal corruption of public officials, and especially if it had shown that the major contributor to the proponents' campaign was a gambling corporation with a questionable background and ties to notorious gangsters, the outcome could conceivably have been different.

For this to have been possible, however, the opponents needed campaign funds to successfully compete for the definition of the activity as necessary tax relief and economic development. If we can presume that the ability to attract donations is affected by the alignment of economic and political elite networks around a given issue, or type of issue, then we can propose that the ability to attract funds for the opposition in New Jersey was based on the coalescence of forces around the idea that this was a prudent and safe reform. And maybe it was, by New Jersey standards. The important point is that the decision to push elites in that direction was made, at such a time and place so as to deter any opposing and countervailing power from entering the campaign and successfully challenging the centrality of the economic development issue.

If, by contrast, Florida was, as Weiner put it, a "natural," then we can suggest the ways in which Florida's result might have been different. For instance, the Florida proponents were never really able to recover from challenges to their economic projections, because they were forced to make, from a defensive posture, certain explanations about their projections. They had hoped that the benefits of legalization would be much more easily sold, and could be hammered home, time

and again, in various debates, while their opponents would try to raise a number of other issues, none of which could compete successfully with the attractiveness of the economic development-tax relief model.

The concluding point is that one cannot add and subtract factors from this model of legalization of vice. An interactive model necessarily predicts that every A generates a possible A^1 , A^2 , and A^N reaction, which can direct the activity in a different direction. The ability of one side in a struggle to withstand a number of A activities is, of course, limited by their organizational resources and the strength of their strategies.

This may hold out a general proposition that, in a stigma contest, that side with a limited number of issues may be more successful when the integrity of those issues--tax relief, economic development, strict controls--is not challenged, when they are merely weighed against the possible costs. The danger of such an appeal is that if the opposition can demonstrate that the possibility of effect A, B, or C is slight, or at least not as much as promised before, then one is not weighing competing costs and benefits. One is weighing certain costs against speculative benefits. The opposite situation is clearly beneficial to proponents: they would like the debate to take place between clear benefits and speculative costs. Where the benefits are not enough to entice the existing power structure, or where they will not accrue to that structure, then the proponents must hope that important elements of the power structure choose to remain indifferent, rather than being stimulated, provoked, and organized into a movement which seizes upon the certainty of the costs. This can be shown to be the case in New York, and possibly even in New Jersey. It need not be proposed that

certain political and economic interests would receive kickbacks--as the dominant organized crime-corruption model might allow--for their part in supporting the proposed change. One need only show that they are conducive to the proposal, without much interest in it one way or the other, as a prudent policy change--and the tax and employment figures demonstrate that this is a defensible position. It is therefore the ability of the proponents to attract or neutralize these influential interests which spells success or defeat in the stigma contest.

Casino Gambling, 1978-1981

It was stated earlier that the recurring problems of the legal casino industry have been: to negate the image of disreputability and the association with corruption of public officials; to attract institutional financing for expansion; and to develop new markets. Between the Florida referendums in November 1978 and September 1981, despite sporadic revelations of continued organized criminal involvement in casino corporations and ancillary businesses, the legal casino industry was able to achieve at least one of those three objectives, and probably the most important one. By 1981, the casino industry was able to draw upon those same financial institutions which had snubbed them in the past. Bally and Ramada Inns reported in 1980 that 75% of their recent debenture issues had been taken by institutional lenders. Bally received financing from Continental Illinois National Bank and Trust Company and Manufacturers Hanover Trust Company, while Caesars World was the recipient of a loan from Aetna of \$60 million. Caesars President McElnea commented that, with the advent of Atlantic City

gambling, the casino industry had become more visible to Eastern establishment financial institutions and media, significant progress in the industry's movement toward corporate respectability. One security analyst suggested that this visibility made a crucial contribution to the growth potential of the casino industry, telling the Wall Street Journal, "In general, there is a greater understanding of the industry among lenders, particularly in stock-market recognition, which leads to debt and equity financing." Summa Corporation executive Phillip Hannifin, former chairman of Nevada's Gaming Control Board, was more direct when he told the same reporter: "Gambling is more acceptable. There's a great amount of money to be made in this industry." And another Nevada casino executive was optimistic that New Jersey gambling would prove to be the turning point for the financing difficulties the stigmatized casino industry had encountered in the past: "Atlantic City is the breakthrough spot. Once we get going there, we won't have any problems getting financing any more."

The ascending definition of the casino industry as reputable and fiscally sound was slowed between 1978 and 1981 by several events which raised the spectre of organized criminal ownership and control of key corporations, and the extent of corruption in New Jersey after passage of the casino gambling referendum there in 1976.

In New Jersey, reports of mob infiltration of Atlantic City began almost simultaneously with the passage of the referendum. Time (1978) reported that ". . . top Mafia dons" would designate Atlantic City an open city, ". . . meaning that any member of the criminal brotherhood or its underworld allies can seek a piece of the action, as was the case in Nevada." The article warned further that the pressure to

expedite gambling in Atlantic City--particularly to stave off competition from other states--would raise the danger that ". . . a combination of greed and need will overcome caution and good intentions, making it easier for the underworld to penetrate legal gambling in Atlantic City."

An article published in the New York Times Magazine in 1978 alleged that organized criminal control was being exerted over the ancillary services provided to the Atlantic City casinos. More specifically, the investigative reporters who prepared the article charged that two members of the Angelo Bruno crime family were trying to secure a chapter of the International Longshoremen's Association for hotel and casino employees. At the same time, Teamster organizing rights were arranged to go to the nation's largest Teamster local, #560 in Union City, headed at that time by Anthony "Tony Pro" Provenzano, a prime suspect in the 1975 disappearance and presumed murder of former Teamster President Jimmy Hoffa.

In Nevada, evidence surfaced which pointed to the unabated influence and control by certain non-Nevadan organized criminal interests upon the operation of casinos and distribution of profits to "hidden" interests.

FBI wiretaps originating in Kansas City in 1979 caused a summer of controversy among Nevada industry and state officials. In the transcripts of the wiretapped conversations, the leading Kansas City organized criminal power was overheard directing the operation of a major Las Vegas casino, while a respected Las Vegas casino manager instructed him in the least risky methods of skimming casino profits. In another conversation, one attorney reported to the same organized

criminal boss that he had arranged for an important licensing decision through his friendship with the Nevada Gaming Commission Chairman. That same summer, Nevada Gaming Control Board auditors recommended that record fines be assessed the Argent Corporation for management complicity in a multi-million dollar skimming scheme uncovered by state authorities. Later, the fine was drastically reduced, and the casino in question changed hands--while some observers noted that it still had never changed from being a funnel to the Chicago mob in its 20 years of operation.

Even more dramatic evidence of organized crime control surfaced that same summer during the trial of Aladdin Hotel executives in federal court actions in Detroit. The federal government charged that certain Detroit organized crime figures--who had themselves been considered unsuitable for licensing as partners in a previous purchase plan--made crucial management decisions about the operation of the hotel casino from outside the state, and used suitable key employees at the Aladdin to further their hidden interests. As a result of the conviction of the hotel corporation and several key executives, the casino was shut down in August 1979, the first Nevada casino closure for organized criminal association in over twenty years.

In all of these examples from 1978 to 1981, the ambivalence of state authorities and financial institutions to the legal casino industry is again highlighted. While the industry itself continues to pursue the goals of reputability, financing and new markets, it can only do so if increasing numbers of legitimate investors, financiers, and state officials are willing to ignore the continued organized criminal investment in these corporations, and the political corruption which

has resulted from the entrance of casinos into New Jersey.

Several examples from New Jersey are illustrative. Observers of the lengthy legislative discussions over enabling legislation were concerned by late 1977 that casinos would never open in Atlantic City. Resorts International, which had been the first candidate for opening, in their newly renovated hotel, had encountered difficulties in the licensing process. The major impediment to their permanent licensing were allegations about the corporation's links to prominent organized criminals, and its corruption of the Bahamian political process. When New Jersey authorities became concerned with the length of time the Resorts licensing was taking, Resorts proposed a solution which was officially presented by the New Jersey Attorney General--temporary licensing of Resorts' Atlantic City facility.

Later, those New Jersey state investigators who had been assigned to the Resorts investigation, and who had proceeded along a line of inquiry which would have ended in a determination of Resorts as unlicensable, were removed from the investigation in a departmental reorganization which placed New Jersey state troopers in supervisory positions, overseeing the work of experienced fraud auditors.

But by far the largest scandal surrounding legal casinos and New Jersey politics came to light in the FBI's undercover bribery investigation, code-named ABSCAM. The allegations concerned two key public officials, one the senior United States Senator from New Jersey, and the other the vice-chairman of the New Jersey Casino Control Commission. New Jersey Senator Harrison Williams was accused of attempting to arrange a loan for Hardwicke Companies--part-owner of New York City's Tavern-on-the-Green and Maxwell's Plum, for whom Williams' wife served

as a Director and consultant--with FBI agents posing as an Arab sheik's representatives. Williams allegedly also interceded with the Chairman of the Casino Control Commission, Joseph Lordi, to allow the Hardwicke Group to save \$3 million by renovating, instead of rebuilding, the Old Ritz Carlton Hotel for casino purposes.

Later, a grand jury in the federal district court for Eastern New York indicted the mayor of Camden, New Jersey, Angelo Errechetti, and the former vice-chairman of the Casino Control Commission, Kenneth McDonald. The pair were charged with extortion and conspiracy for taking \$125,000 in illegal payments from undercover agents in the ABSCAM probe. The two were accused of accepting the money in exchange for promises of aid in securing a New Jersey casino license for an organization the undercover agents claimed to represent. (Rouge et Noir, 1981)

But charges that corruption was more pervasive and subtle indicates the extent of the problem. An investigation by New York Times reporters found that in 1979 more than 50 top Atlantic City area officials and key government employees, including a majority of the Planning Board and Zoning Board, had either invested in casino stock, sold property for casino development, or had other financial ties to the gambling industry. In the three years after the passage of the 1976 referendum, the Atlantic City branch of the casino industry employed at least 30 persons with political backgrounds or ties to politicians.

Probably the most influential of these thirty, the former law partner of New Jersey Governor Byrne and a Democrat leader in the State Senate, Martin L. Greenberg was hired to be the president of

one casino, and given an option to buy 50,000 shares of stock in the company at a reduced price. Such industry-government interaction caused some controversy, as several persons, such as a former Casino Control Commissioner, charged that the gaming industry was trying to create a pattern of influence in government. Given the original state sponsorship of legalization and the state's concern with Resorts' timely opening, it would not seem that the casino industry needed to create a pattern of influence--that pattern was set in motion before the 1976 initiative. What the recurring scandals indicated, however, was that as the Director of the Division of Gaming Enforcement charged when he stepped down, "New Jersey is as much for sale as it used to be," and that the official corruption surrounding the casino industry in New Jersey was as much a threat, if not more, than organized crime. (Rouge et Noir, 1980) These developments caused the General Secretary of the New Jersey Council of Churches, which had opposed casinos, to recall that his group's opposition had been based on "precisely the kind of apparent collusion among state interests, the Legislature and state government agencies now being discussed." (New York Times, 1980)

The ABSCAM scandals raised the organized crime-corruption issue again, and brought to the forefront several questionable associations of some of the major casino corporations. Bally President O'Donnell stepped down from his position, at the request of New Jersey gaming authorities, after licensing investigations revealed his early partnership and longstanding and continuing association with a prominent New Jersey organized crime figure. But by far the casino corporation which suffered most from the anti-casino backlash was Caesars World.

For years, Caesars Palace has been the leading Las Vegas casino in reputation and stature, if not in revenues. Because of its devotion to the high-roller, Caesars Palace has enjoyed the highest volume per gaming table average in the industry. Its lavish rooms devoted to star entertainment and sponsorship of sporting matches--featuring Connors, Nastase, Borg, Ali, Hearn and Leonard--are all aimed at its high-stakes clientele. Frank Sinatra's crowd and Clifford and Stuart Perlman's--founders of Caesars World--enjoy the ambience of Caesars.

But when Caesars' links to reputed Meyer Lansky associates Alvin Malnik and Samuel Cohen surfaced in the mid-1970s in Nevada, they set the stage for the post-ABSCAM investigation of Caesars by the New Jersey Division of Gaming Enforcement. New Jersey gaming authorities demanded that the Perlman's sell their interest in Caesars New Jersey, in order that the corporation be licensed there. Caesars World is the Perlman's' corporation; their extravagant touches are the corporation's trademark and have paid off handsomely in the Las Vegas market, where they continue to supply the type of opulence that many Las Vegas visitors seek. Their legal challenge to the New Jersey authorities' decision remains in the courts at this time.

Other problems surfaced in New Jersey. While proponents of legalization promised that casinos would bring increased prosperity for the entire city--including the unemployed and low-income residents--by 1981 they had not. This is not surprising, if one examines the continued underdevelopment of the non-casino economy alongside casinos in Nevada, Cuba, or the Bahamas. While it had been hoped that Atlantic City's once vital convention business would thrive again after legalization, the high proportion of "day-trippers"--gamblers who traveled to

Atlantic City, usually by bus and through some sort of a package which included lunch and gambling chips, but returned home at the end of the day--prevented the hotels from enjoying high rates of occupancy.

Still, the casino industry continues to thrive. In August 1981, New Jersey casinos reported their best month ever: eight casinos won \$132.3 million, and contributed \$10.4 million to the New Jersey fund for senior citizen and handicapped programs, bringing to \$160.3 million the casinos' direct revenue contributions to New Jersey since the opening of the first Atlantic City casinos in May 1978.

Gambling remained in the news. Frank Sinatra, once stripped of his Nevada gaming license for entertaining in his Northern Nevada casino a Chicago organized crime leader who was banned from Nevada gaming facilities, returned triumphant--with President-elect Reagan as a character witness--and was licensed as a partner in a Las Vegas hotel-casino. Baseball great Willie Mays was banned from organized baseball after he accepted a position with Bally Corporation. The Houston Oilers' quarterback Ken Stabler's longstanding relationship with a bookmaker reputed to be a "member" of a New Jersey organized crime family was revealed at the same time as Stabler's former owner--partners with a former Las Vegas casino owner in an Oakland commercial real estate development--was attempting to move his team, in defiance of the National Football League's wishes. New studies probed into the CIA-organized crime links in the assassination attempts on Cuban premier Castro, and organized crime implications in the Kennedy assassinations were raised by Congressional committees.

New allegations surrounding the Teamsters Central States Pension Fund charged that a prominent senator had scuttled a trucking

deregulation bill in exchange for property considerations by the Fund, which owned several strategic parcels of property in Las Vegas.

After the New Jersey referendum in 1976, one Caesars World executive expressed optimism that there was a ". . . rapidly growing public acceptance of gaming as a legitimate business operation as well as a legal enterprise." (Borders, 1979) Despite the setbacks in New Jersey, the legal casino industry retained its position of reputability to institutional lenders if one believes the Laventhol and Horwath (1980) financial institution survey, which found that ABSCAM caused only 15% of responding institutions to alter their perceptions of the gaming industry. What does such a response indicate? Perhaps it means that the other financial institutions joined with those civil libertarians who felt that the methods of the ABSCAM were reprehensible. Perhaps the financial institutions were unconvinced that the ABSCAM revelations were significant, maybe more politically motivated than injurious to the casino industry. More likely would be the explanation that the legal casino industry's roots in organized crime, and continued involvement with prominent and powerful organized criminal entrepreneurs was taken for granted, and once the financial respectability of the gaming industry began to rise, even widespread political scandals could not undermine that growing respectability.

Other states considered legalization of casinos, but the bloom was off the rose. Michigan, the state with the highest unemployment rate, sorely in need of additional revenues, considered legalization. But, in the midst of a rift between a pro-legalization mayor of Detroit and an opposing Governor of Michigan, Detroit chose to pursue additional taxation through increases in the municipal tax. Attempts to bring

casinos to Massachusetts were structured to offer the referendum as a local option to those west Massachusetts residents who would reap direct benefits from an increase in tourism and employment in the Berkshires and Adams County.

In New York, legalization proponents supported the concept of casinos in specified resort areas as an "added attraction," which would help New York City strengthen its economic base. One public relations consultant to hotel interests backing the legalization concept explained that his clients were interested in bringing casinos to New York because the reform was reasonable, the activity was controllable, and, most importantly, available elsewhere. Consequently, New York would not be the test case; the state could learn from other states' mistakes, and improve upon their efforts.

One hotel association executive claimed that legalization of casinos in New York would be a question of meeting competition, a survival issue. The issue of legalizing casinos therefore moves to a second level, where the arguments for legalization no longer rest solely on the benefits of legalization, but on the thesis that one is forced to do it because other states will soon do so, and it is prudent to act first.

New Jersey Governor Byrne had made this argument in New Jersey, and a Pennsylvania state representative who introduced a bill to legalize casino gambling there made it also:

"Casino-type gambling has already been legalized in this area. I believe the state of Pennsylvania should receive their share of the revenue that would be lost to New Jersey.

Since many of the residents of Pennsylvania will be going to New Jersey to gamble, my bill attempts to keep part of this revenue in the state. I have no control over legalized gambling in this area, since this was done by the state of New Jersey." (Garzia, 1977)

The New York proponent arguments, and Representative Garzia's statement, support Rose's (1979:265) point that the process of legalization, once set in motion, is catalyzed by the competition among the states for the gambling dollar.

This "tourist industry survival" issue shifts the locus of debate to a different level, where the legitimacy of the enterprise is established by the actions of other states, and the proponents need not make the initial arguments of respectability. That would seem to be a probable hypothesis. If one takes a stand against casinos, as Governor Askew did in Florida, one is free to view them--and to interpret continuing development of possible injury to their reputation--as a disreputable industry, a questionable business run by disreputable businessmen. However, once one accepts the casino industry as a "business run by businessmen," one tends to give the industry the benefit of all doubts in the face of accusations, or scandals which can be attributed to overzealous, politically ambitious, or overly paranoid federal investigators or ambitious and self-serving investigative journalists. Several state actions in the face of scandal tended to reinforce this latter characterization. Temporary licensing, such as that permitted for Resorts in New Jersey, forced the burden of proof of illegality or unsuitability onto the state and made denial of a

permanent license for Resorts highly unlikely. The state sanction of severing questionable executives, rather than sanctioning corporate entities, had the effect of preventing disrepute from attaching to the corporations. Such a "bad apple" interpretation of malfeasance in the casino industry made it possible for a state at once to permit continuous operation of casino entities, while appearing at the same time to be rooting out organized crime and possibly corrupting influences.

But why this confusion over an activity and industry for which a clear public record exists?

In the end, we return to four crucial concepts discussed in earlier chapters: Hughes' concept of alternate biographies as a crucial mechanism by which the suspected deviant avoids stigmatization; the proposition that organized crime is a highly politicized form of deviance; the status of organized criminal entrepreneurs as wealthy and resourceful political actors; and the proposition that deviance is more easily normalized for high-resource violators. There is ample evidence available for politicians, state officials and "upperworld" businessmen to fashion either an interpretation of the legal casino gambling industry as stable and reputable--as New Jersey Governor Byrne and New Jersey media interests did in 1976--or as an industry rooted in and inextricably bound to organized criminals and corruption of the political process, as Florida Governor Askew and Florida media and banking interests decided in 1978. For more than fifty years, a prime concern of American organized criminal entrepreneurs--after the maximization of profits and the establishment of secure, and usually monopolistic, markets--has been the establishment of respectability. Whether through cultivated social interaction, or the use of non-criminal

investment "front men," one strategy for respectability has involved the establishment of a "meeting place," whether physical or figurative, where underworld and underworld can meet, exchange favors, and conduct business transactions. The legal casino industry, with its ties to illegal gambling and to former bootleggers, provides an excellent example of this upperworld-underworld interaction. It also shows that the boundary between illegal and legal activities and actors does not shift as much as it expands--providing increasing opportunity for interaction between upperworld and underworld actors, and creating businesses and businessmen who operate ostensibly only in that netherworld of neither clearly legitimate nor provably illegitimate. The Florida chapter indicates that, to challenge the ascending definition of certain organized criminal-associated enterprises as reputable, political and economic elites must be single-minded in their commitment, cohesive in their organization, strategic in their planning, and well-financed--qualities that more often than not can be used to describe the successful organized criminal entrepreneur.

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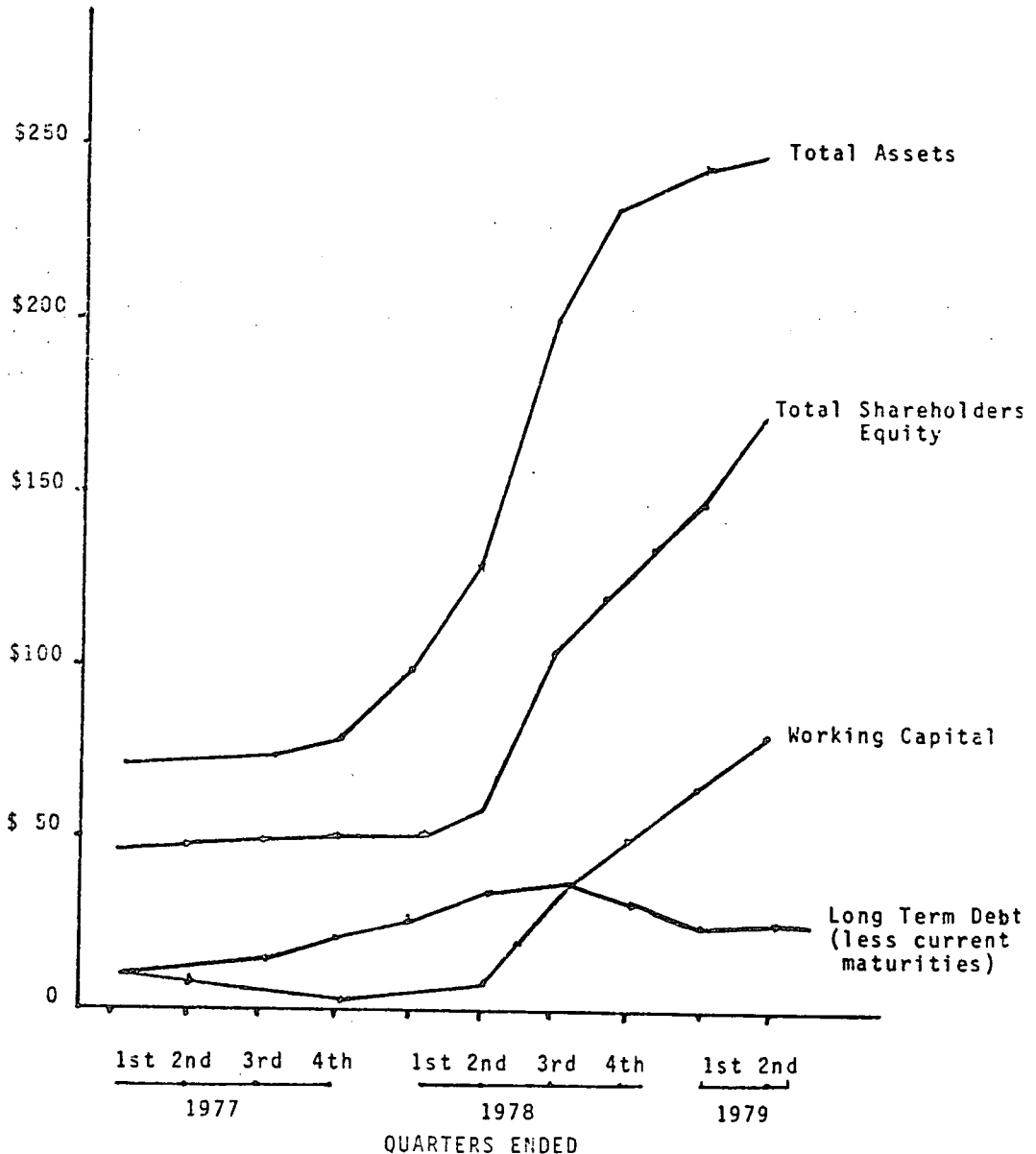
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Appendix A
 Resorts International, Inc., and Subsidiaries
 Financial Growth Chart 1977-1979

(Source: RACZ Newsletter, October 12, 1979)

Millions of
 Dollars)



Appendix B

Proposed Casino Properties, Atlantic City 1980 (Source: Gaming Abstracts, Dean Witter Reynolds, Inc.)

Company	Announced Plans	Location of Property	Investment (Millions)	Type	Facilities	Status of Atlantic City Planning Board Approval
*Resorts International	September 1978	Boardwalk	\$60	Renovation	717 rooms	Final
Resorts International	December 1978	Boardwalk	\$150-200	New construction	60,000-sq.-ft. casino 1,000 rooms	Has not submitted application.
*Bally Manufacturing	March 1977	Boardwalk	\$300	Renovation and new construction	517 rooms	Final
Playboy Enterprises and Elsinore Corp	March 1977	Boardwalk	\$120	New construction	60,000-sq.-ft. casino 506 rooms	Final
Claridge Associates	March 1977	Boardwalk	\$140	Renovation and new construction	50,000-sq.-ft. casino 500 rooms	Final
Boardwalk Regency *(Caesars World)	June 1977	Boardwalk	\$75	Renovation and new construction	30,000-sq.-ft. casino 529 rooms	Final
Caesars Palace-A.C. (Caesars World)	Winter 1978	Boardwalk	\$300	New construction	55,000-sq.-ft. casino 1,000 rooms	Preliminary approval
Golden Nugget	June 1977	Boardwalk	\$105	New construction	100,000-sq.-ft. casino 520 rooms	Final
Colonial Commercial	January 1978	Central City	\$120	New construction	40,000-sq.-ft. casino 500 rooms	Preliminary approval
Penthouse International	March 1978	Boardwalk	\$120	Renovation and new construction	50,000-sq.-ft. casino 500 rooms	Final
*Greate Bay Hotel	May 1978	Boardwalk	\$70	New construction	30-60,000-sq.-ft. casino 504 rooms	Final
Gateway	June 1978	Route 30	\$100	New construction	33,000-sq.-ft. casino 528 rooms	Preliminary approval
Benihana-Sheilbourne	July 1978	Boardwalk	\$100-120	Renovation	50,000-sq.-ft. casino 520 rooms	Final
Hardwicke (Ritz Associates)	July 1978	Boardwalk	\$125	Renovation and new construction	45,000-sq.-ft. casino 524 rooms	Final
Del E. Webb	August 1978	Boardwalk	\$140	New construction	32,000-sq.-ft. casino 500 rooms	Final
Plaza Hotel Management	August 1978	Boardwalk	\$85	New construction	45,000-sq.-ft. casino 514 rooms	Preliminary approval
Ramada Inns	September 1978	Boardwalk	\$165	Renovation and new construction	30,000-sq.-ft. casino 528 rooms	Final
Holiday inns	September 1978	Marina	\$105	New construction	48,000-sq.-ft. casino 506 rooms	Final
Holiday Inns/Harrah's (Chalfonte Site)		Boardwalk	\$150-175	New construction	44,000-sq.-ft. casino 500 rooms	
Hilton Hotels	October 1978	Marina	\$200	New construction	60,000-sq.-ft. casino 700 rooms	Preliminary approval
Metro-Goldwyn- Mayer	October 1978	Marina	\$175-195	New construction	1100 rooms	Preliminary approval
Prime Motor Inn	October 1978	Marina	\$100	New construction	70,000-sq.-ft. casino 500 rooms	Final
Cavanaugh Communities	November 1978	Marina	\$135	New construction	30,000-sq.-ft. casino 1,000 rooms	Preliminary approval
Vornado Inc. (parent of Two Guys)	November 1978	Unzoned location	\$97	New construction	60,000-sq.-ft. casino Two hotels	Preapplication conference
Metropole Casino	November 1978	Boardwalk	\$66	Renovation and new construction	45,000-sq.-ft. casino 520 rooms	Preapplication conference
Continental Connector (owns Dunes Hotel in Las Vegas)		Boardwalk	\$80	New construction	30-000-sq.-ft. casino 520 rooms	Final
Atlantic Land			\$135	New construction	30,000-sq.-ft. casino	
American Leisure (Camelot)	July 1980	Marina	\$155	New construction	504 rooms 60,000-sq.-ft. casino 1,000 rooms	Preliminary approval
					60,000-sq.-ft. casino	

*Opened

Respectability

New Jersey has learned from Nevada's mistakes. This time, the controls will be built-in, right from the start.

Who will be applying for licenses? Large hotels and corporate chains—public corporations subject to stringent control by the Securities Exchange Commission (SEC), Internal Revenue Service (IRS) and other federal monitoring agencies.

Less Violent Crime

Here's an accepted fact in law enforcement: the more jobs available, the less likelihood there is that the community will be victimized by rape, armed robbery, murder. It's been demonstrated, time and again, that places with legalized casinos have a sharp reduction in violent crime statistics. And there are good reasons:

More police surveillance, for one thing—especially in the vicinity of the casino hotels. And, with more people working, there is less need to commit crime for profit.

Legalized casino gaming is hardly a cure for crime. But it can—and will—help.

Help
Yourself.
Help
Atlantic City.
Help
New Jersey.

A "yes" vote for
Casino Gaming in Atlantic City
will help...

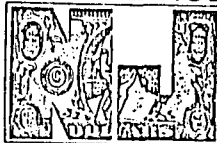
balance taxes

create jobs

boost the economy

cut down on street crime

"YES" CASINOS



Atlantic City Only

Vote "Yes" on November 2

Paid for by The Committee to Rebuild Atlantic City
Mayor Joseph L. Bruno, Chairman
Frank J. Sitarz, Treasurer
3024 Atlantic Avenue, Atlantic City, N.J. 08401
(609) 268-3400
Printed by Streamline Press, Cherry Hill, N.J.

Help
Yourself.
Help
Atlantic City.
Help
New Jersey.

Read how a "yes" vote for
Casino Gaming in Atlantic City
will help...

balance taxes

create jobs

boost the economy

cut down on street crime

"YES" CASINOS



Atlantic City Only

Vote "Yes" on November 2

yourself.

Legalized casino gaming in Atlantic City—and only in Atlantic City—will have a major impact on the entire State of New Jersey and all its residents. Let's take a clear, honest look at how the money comes back to you . . .

Benefit #1: A Dramatic Rise in Employment, State-Wide

The need for more and better jobs is critical throughout the State of New Jersey. The State will have a 12% unemployment rate. That's the highest in the nation. And in Atlantic City, the situation is even worse. Atlantic City suffers from an unemployment rate in excess of 20% (when seasonally adjusted).¹

In-depth research indicates that by 1985 legalized casino gaming will stimulate a construction boom throughout the State that will total \$844 million dollars. That means jobs. Retail outlets and other service businesses will be needed to support that boom all over the State. That means jobs, too.

NEW JOBS		
	By 1980	By 1985
New Casino Hotels	12,200	24,600
Renovated Casino Hotels	2,250	2,250
New & Renovated Hotels/Motels	450	910
Retail	2,610	4,060
Construction	1,870	1,870
TOTAL:	19,380	33,690

Let's say it another way. By 1980, we can expect \$205 million in new wages annually. By 1985, the figure will be \$330 million annually.

Benefit #2: A Healthier Economy, State-Wide

What happens to a city when people stop believing in it? In the last 11 years, over 8,000 hotel rooms have closed in Atlantic City. Retail stores have fled to the suburbs and their malls. Other businesses have left town, or failed. Property taxes have skyrocketed.

¹Source: Data Economic Research Associates, Washington, D.C. July 15, 1976 in a study sponsored by Atlantic City Planning & Development Agency.

Legalized casino gaming will make a difference to New Jersey—a big one. From one end of the State to the other, the State economy will benefit directly from a new, year-round industry pumping money into personal and municipal pocketbooks, 52 weeks a year.

Benefit #3: New Revenues Pour In, State-Wide

A strong convention and tourist center in Atlantic City will mean "spill-over" business for restaurants, gas stations, supermarkets, department stores, liquor stores, etc. throughout the entire State. And New Jersey residents who supply all types of related services (music, advertising, printing, janitorial, etc.) will find more and more business waiting for them—right at home.

Right now, a very substantial amount of State money (unemployment benefits, welfare assistance) is spent on Atlantic City residents. Because they need it. But that help costs everybody else in New Jersey hard cash, since it means a constant drain on funds that could otherwise be available for their needs. The development of a healthy, year-round economy in Atlantic City will mean more money in every New Jersey resident's pocketbook.

...Special Help For Special Residents, State-Wide

Total new revenues are estimated at \$36.6 million by 1980, \$58 million by 1985. This includes a special fund (estimated at \$17.7 million annually until 1980 and \$30.3 million annually by 1985) to reduce the cost of property taxes (or rental charges) and utility bills for senior citizens and disabled residents of New Jersey. It also includes anticipated general revenues of \$18.9 million by 1980 and \$27.7 million by 1985. The amendment will specifically name senior citizens and disabled residents as the sole beneficiaries of this special fund . . . Its revenues cannot be used for anything else.

No one is pretending that revitalizing New Jersey's economy is an easy task. More than one intelligent solution is required. But legalized casino gaming in Atlantic City—and only in Atlantic City—is a vital step toward real help for us all.

Help Atlantic City.

"The most popular resort in the United States." "The nation's playground." That's what people used to say, because it was true. But they can't say anymore. Atlantic City has been decaying steadily for years.

Now, it has a second chance. A chance to make it big again as a major tourist and convention center and glamorous resort capital. All it needs is support. Support from civic, professional, business interests. Support from the financial community. Support from labor. State-wide support. At-home support. Your support.

Here's How It Will Work

Fact: Restricted to Atlantic City

Atlantic City is the only place where casinos will be allowed. The constitutional referendum on the ballot, unlike two years ago, expressly prohibits a casino anywhere outside the city limits. There are no loopholes. No legislature or Governor will be able to situate even one casino anywhere else in New Jersey.

Fact: Tightest Controls In The World

Atlantic City casinos would be governed by the tightest regulations in the world, including the creation of a State Casino Gaming Commission to license, regulate and audit the operation of all casinos. Ownership will be private. Eligibility requirements for licenses will be strict and license will be subject to suspension or revocation at any time. Regulations will include full disclosure, unannounced inspection and subpoena power.

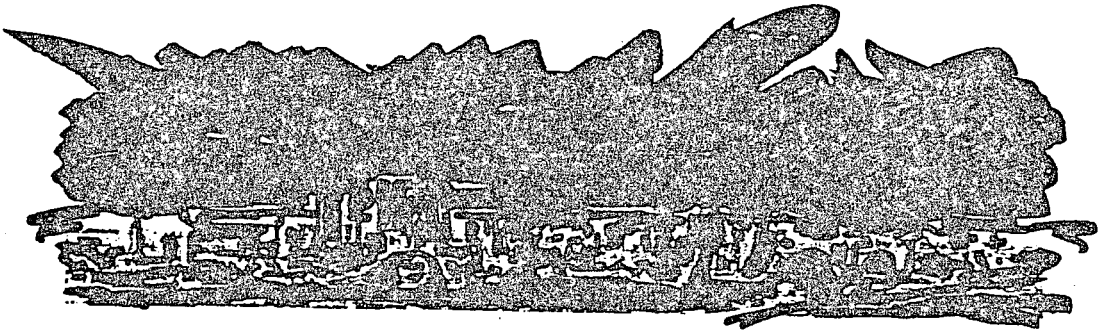
Fact: Different From Las Vegas

Comparisons with Las Vegas are misleading. In Atlantic City, the atmosphere will be very different with Continental-style casinos patterned after those in Monte Carlo and the Caribbean. They'll be quiet, tastefully-decorated rooms situated only in casino hotels. There will be no gambling devices permitted anywhere outside the casino rooms. There will be no slot machines anywhere.

Fact: No Operation Until

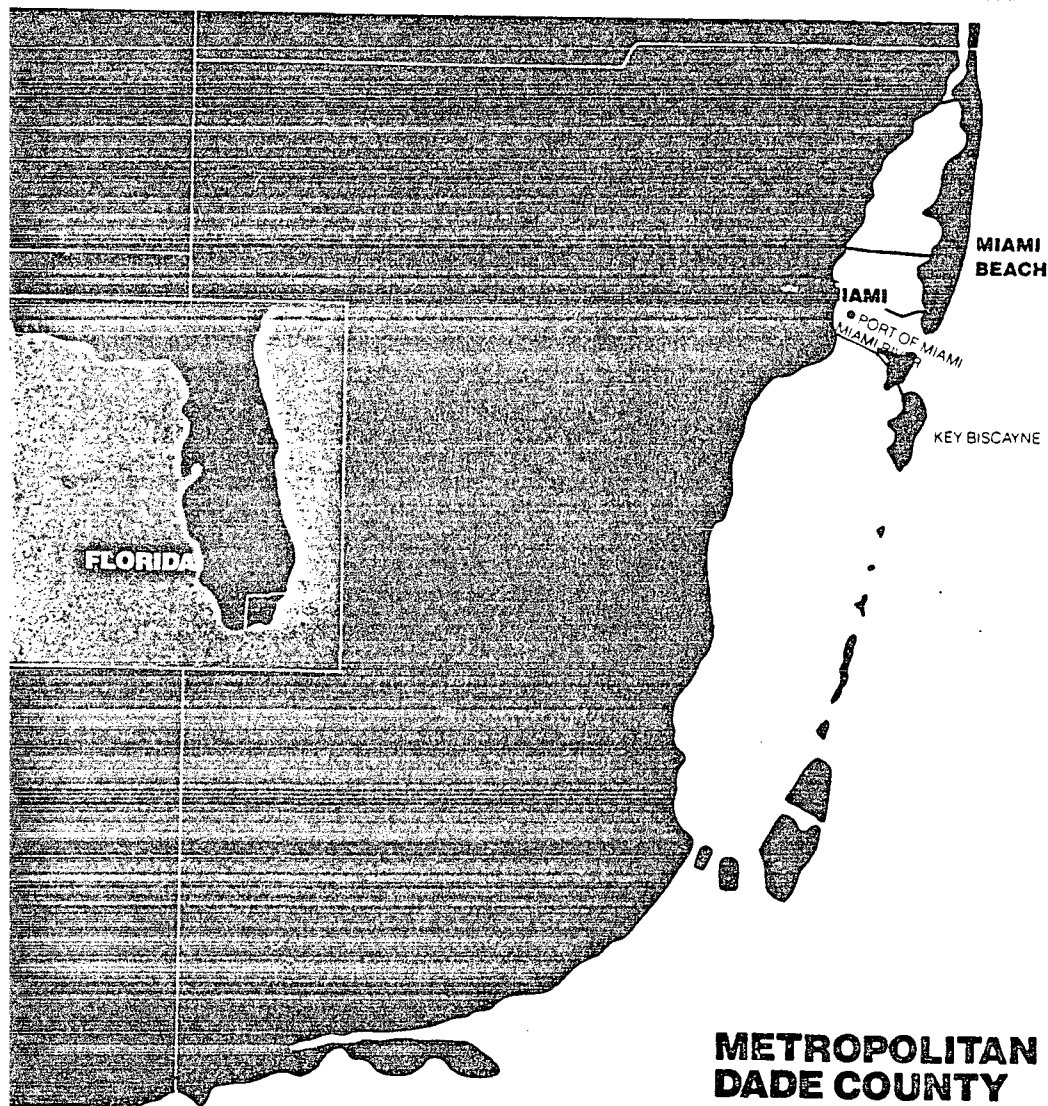
The Laws Are On The Books

Unlike other casinos which began operating before laws were enacted to control them, New Jersey would begin with a complete system. Once the referendum is approved by the voters, the Legislature will enact enabling legislation to govern every detail of casino gaming in Atlantic City.



It comes as a **SHOCK.**
SUDDENLY the playful,
seakissed spa at the
southern tip of the nation
stands **TALL** in the states.
And **TOWERS** in the world.
It has rolled up its sleeves.
And is flexing its strengths.
There is new **FORCE.**
New determination. Stop. **LOOK.**
Get a handle on the mighty
MIAMI MISCI F

1 IT'S HAPPENING HERE.



METROPOLITAN DADE COUNTY

M IAMI, once considered only a tourist center, is attracting and assimilating world leaders in commerce, in finance, in diplomacy. It is emerging as the national number one rival of New York as

the number one international headquarters. How did it happen? Why did it happen? How do we grow from here? Give us five minutes, and we'll give you the facts. Given the facts, we believe you'll feel the pull of Miami Muscle.

MIAMI IS MORE THAN A CITY.

IT is a mix and meld of many individual unique communities. It is a conglomerate of varied and vital cultures. Officially, it is **Metropolitan Dade County**. Traditionally and affectionately it remains, Miami. To us. And the world.

MIAMI IS THE SOUTHERNMOST MAJOR METROPOLITAN AREA IN THE UNITED STATES.

Miami Muscle builds on **Dade County**. Dade is made up of twenty-seven municipalities plus unincorporated areas. It is the largest county in the State of Florida. For the past 20 years its rate of growth has far out-paced the national average.

Miami Muscle builds on **The City of Miami**. Largest in Dade County, accounting for approximately 20% of the county's population. It is "downtown Miami," the banking, commercial and retail center, now in the throes of dynamic evolution and development.

Miami Muscle builds on **The City of Hialeah**. Second in size in the area. It is the strong and vigorous industrial section of the area, ever attracting, ever growing, generating more jobs, employing more people.

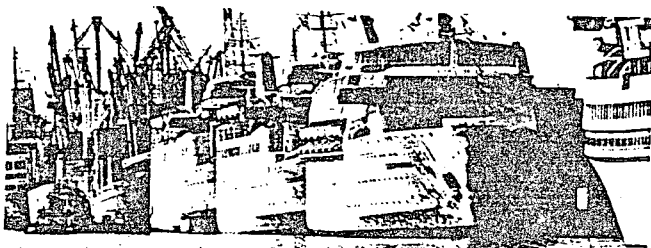
Miami Muscle builds on **The City of Miami Beach**. This island, one mile wide by seven miles long is renowned for its world famous hotels and beaches. It is now the site of an ambitious redevelopment plan, acclaimed one of the most advanced of its type, for its South Shore area.

COMING. GOING. STAYING.

4 Million plus Internationals came to Miami in 1977. They came by plane. By ship. By car. For the majority, it was a fast and easy trip. **Miami is a Bridge to the World.** They came for business, for pleasure. They found both. And they found more.

NON-STOP ACCESSIBILITY.

With its open Atlantic coastline, Miami literally extends itself to the world. It reaches south to be a close and compatible neighbor of South America and the Caribbean. It is open to the East for fast and direct routes to all of Europe. It is equidistant from the most important world population centers.



FACTS:

AREA FACTS:

Located on the southeast corner of the Florida peninsula. 1.62 million people. To the East: The Atlantic Ocean. To the West: The Everglades. To the South: The Florida Keys. To the North: Contiguous Urban Growth.

AIR FACTS:

- Miami International Airport
- Is in the top ten world airports relative to passengers, cargo and air operations.
- Serves more airlines than New York or Los Angeles.
- Is served by 43 international air carriers
- Is served by 19 U.S. air carriers.
- Provides service to virtually every part of South America and the Caribbean.
- Provides 790 weekly roundtrip services between Miami and Mexico, Central and South America and the Caribbean.
- Provides direct European routes to: **London, Frankfurt, Madrid, Paris, Amsterdam.**
- Miami is:
 - 1 1/2 hours from Atlanta.
 - 2 hours from Washington.
 - 2 1/2 hours from New York.
- Flights to South America and the Caribbean, originating in

the U.S., inevitably include a change of planes in Miami to reach the final destination. **Tourism figures for July, 1978 at Miami International were up 20% from 1977.**

SEA FACTS:

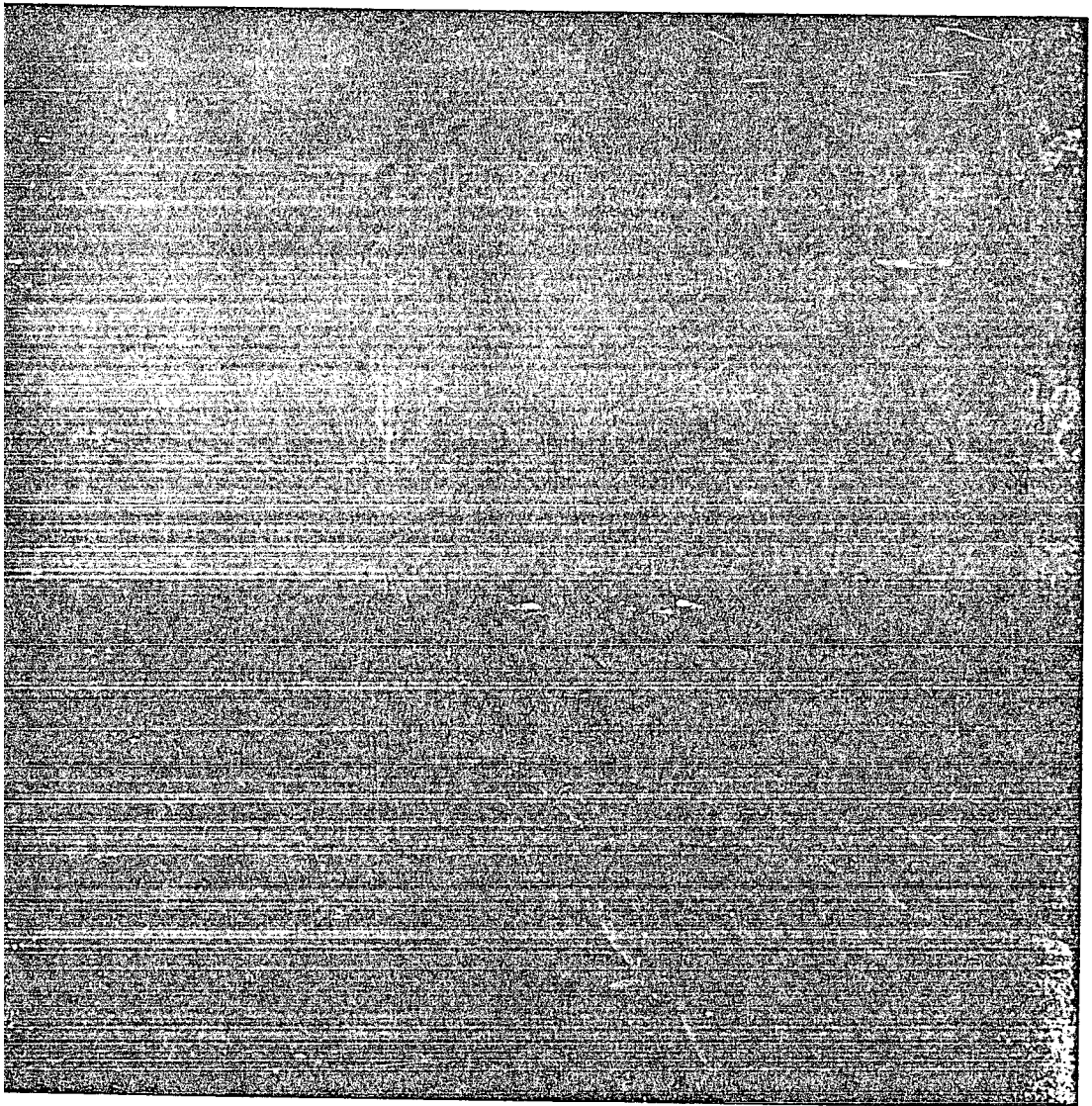
- Port of Miami*
- Is first in the nation in number of cruise passengers.
- Set a world's record in 1976 with 1,029,687 passengers, an increase of 27.9% over 1975
- Trade & cargo figures will be presented at a later page

TOURIST FACTS:

- Tourism in Florida is now year round. Based on hotel occupancy figures, strictly seasonal patterns no longer exist.
- International Tourism has increased 30% in the past 5 years. At present it accounts for 10% of Miami tourism. By 1980, a projected 30%.
- Average International stay, 7 days. Average International expenditure per stay, \$1,000
- Total retail sales attributed to International visitors, \$2,000,000,000.
- An estimated 20 million domestic and Canadian had visited Miami in 1977.
- 40 to 45% arrive by air.
- Average daily tourist influx into Miami: 38,000
- Average Daily collective tourist expenditures. 17 million

HOTEL/CONVENTION FACTS:

- Miami has some of the most illustrious and spacious hotels in the world. While it can readily please the most luxurious tastes, it can comfortably accommodate those of more modest means.
- 465 hotels, 43,923 rooms
- 351 motels, 19,017 rooms
- 27,000 of the rooms are located on Miami Beach
- Omni, completed in 1977 in the city of Miami, is the newest luxury hotel with 535 rooms
- In the past decade Miami has averaged 700 conventions a year
- The recently refurbished Miami Beach Convention Center is one of the largest and finest in the world
- It is capable of seating more than 11,000 people
- In 1977 it drew 660 conventions
- The 385,000 delegates spent over \$51,000,000



“WHY not,” say the projectors and the planners of the Miami area. The potential is here. And we are well on our way. In the past twelve years

79 corporations have set up hemispheric headquarters in Metropolitan Miami.

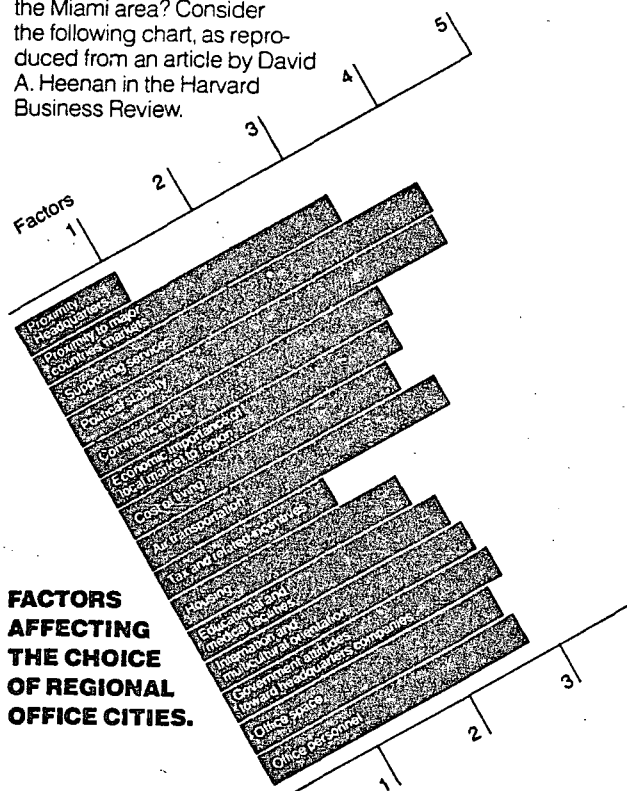
Competition for multinational companies is keen, still Metropolitan Miami continues to attract; out-enticing New York, Atlanta, Houston, and key cities

of the world.

Within the past few months, General Electric, DuPont and Lockheed established regional offices here, in preference to South America.

Why are so many of the multinationals turning toward

the Miami area? Consider the following chart, as reproduced from an article by David A. Heenan in the Harvard Business Review.



FACTORS AFFECTING THE CHOICE OF REGIONAL OFFICE CITIES.

Of these determining factors, Metropolitan Miami not only scores high, but repeatedly higher than most global cities.

Geographically, of course, Metropolitan Miami offers an exceptionally favorable location for firms serving the expanding market of Latin America and the Caribbean.

While proximity is important to our Latin American commerce, there are other prime motivating factors for locating in Metropolitan Miami. Of great significance is the distinctively Latin influence and multicultural

environment so evident in Miami. Then, too, with the tremendous influx of Cubans into the area, Miami offers a ready force of multilingual labor, essential for doing business in Latin America.

In recent years, more International, as well as Latin American offices of major U.S. Corporations, are making their move to the Miami area: General Electric, DuPont, Volkswagen International, Britain's Tate and Lyle, and ICI America are among Miami's most recent arrivals. Another British firm, Racal Electronics, Ltd. recently acquired Milgo Electronics.

Not only are 79 of The Fortune 500 Companies conducting business from Miami offices, but to many of these we are their International/Latin American Headquarters.

Pepsico
Eaton
Boise Cascade
Cummins
Union Carbide
International Paper
Exxon
Firestone
Shell Oil
Goodyear
Greyhound
Owens-Corning Fiberglass
Pitney Bowes
Liggett & Myers
Gulf Oil
Chicago Bridge & Iron
Dow Chemical
Saxon Industries
B.F. Goodrich
Xerox
Knight-Ridder
IBM
IT&T
Thiokol
International Harvester
Addressograph-Multigraph
Rockwell International
McGraw-Edison
Texaco
Pfizer
3M
PPG Industries
Western Electric
General Tire & Rubber
Coca Cola
Weyerhaeuser
Ralston-Purina
NCR
Allis Chalmers
Hoover
Northwest Industries
Bemis Company
Alcoa
Borden
Jim Walter

AT times the international status of Miami tends to overshadow the impressive growth of our native industries. But, business is booming right here at home.

Unlike many regions, Metropolitan Miami is not dependent on any single industry or enterprise. Miami's economy has become increasingly diversified. Tourism, while still extremely important, no longer dominates. Today, Miami industries

manufacture everything from aircraft seats to zippers.

- The garment industry, employing 19,800 is second only to New York.
- Agriculture reaped \$184,000,000 direct receipts for fruits and vegetables in 1977.
- The boating and marine industry supplies the world with some of the finest and fastest boats and/or yachts.
- The film making industry is now fourth in the nation and third in TV commercial production.
- 1977-78 has been a record time for the construction industry.
- Cordis Corporation, designer and manufacturer of cardiac pacers recently developed the first programmable unit, which can be adjusted without surgical removal from the body.

The fact is, the heartbeat of Miami's economy has never been stronger.

In June, 1978, The Composite Measure of Business Activity rose to an All-Time High according to the South Florida Economic Index.

DADE COUNTY GOVERNMENT.

The stability of our national government is mirrored in our local government. In the mid-1950's, Dade County introduced "Metro," an area-wide metropolitan form of government. This brought standardization and upgraded minimum standards throughout the metropolitan area.

Dade County has Home Rule. This is exceedingly important as local government decisions can be made at 'home' without the necessity of going through the state government.

TAXES. THE FEWER THE BETTER.

Metropolitan Miami has

- No personal income tax
- No gross receipts tax
- No inheritance tax
- No gift tax

and one of the nation's smallest sales tax—4%.

As for business and tax incentives, they favorably compare with most of the country. In fact, Florida's per capita tax is the 9th lowest in the nation.

Corporate taxes are levied along these lines:

- The first \$5,000 is exempt from corporate income taxation, the remainder, taxed at 5%.
- Exemption of inventories of goods in transit.
- Partial exemption of inventories and raw materials used in manufacturing.
- Tax credits for the use of specified state products are allowed.

Incentives

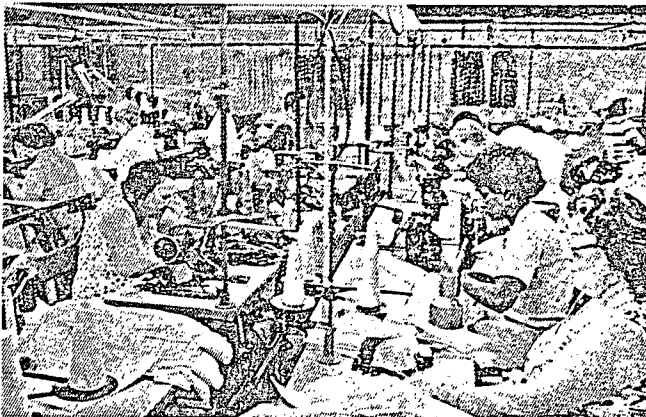
- Availability of county revenue bonding

- Right-to-Work Law

Add a ready, productive labor force, low labor costs, plenty of materials and energy and it's easy to understand why so many firms are locating in Greater Miami.

Bonds

Miami and Dade County have an exceptionally high bond rating.



IT makes the world economy hum. And Greater Miami banks have deposits to the tune of well over \$6.58 Billion, forecast at \$8.86 Billion come 1985.

TODAY THE STATE, TOMORROW THE WORLD.

Florida's largest bank holding company, Florida's largest individual bank, and the South's largest savings and loan association, all make Greater Miami their main headquarters.

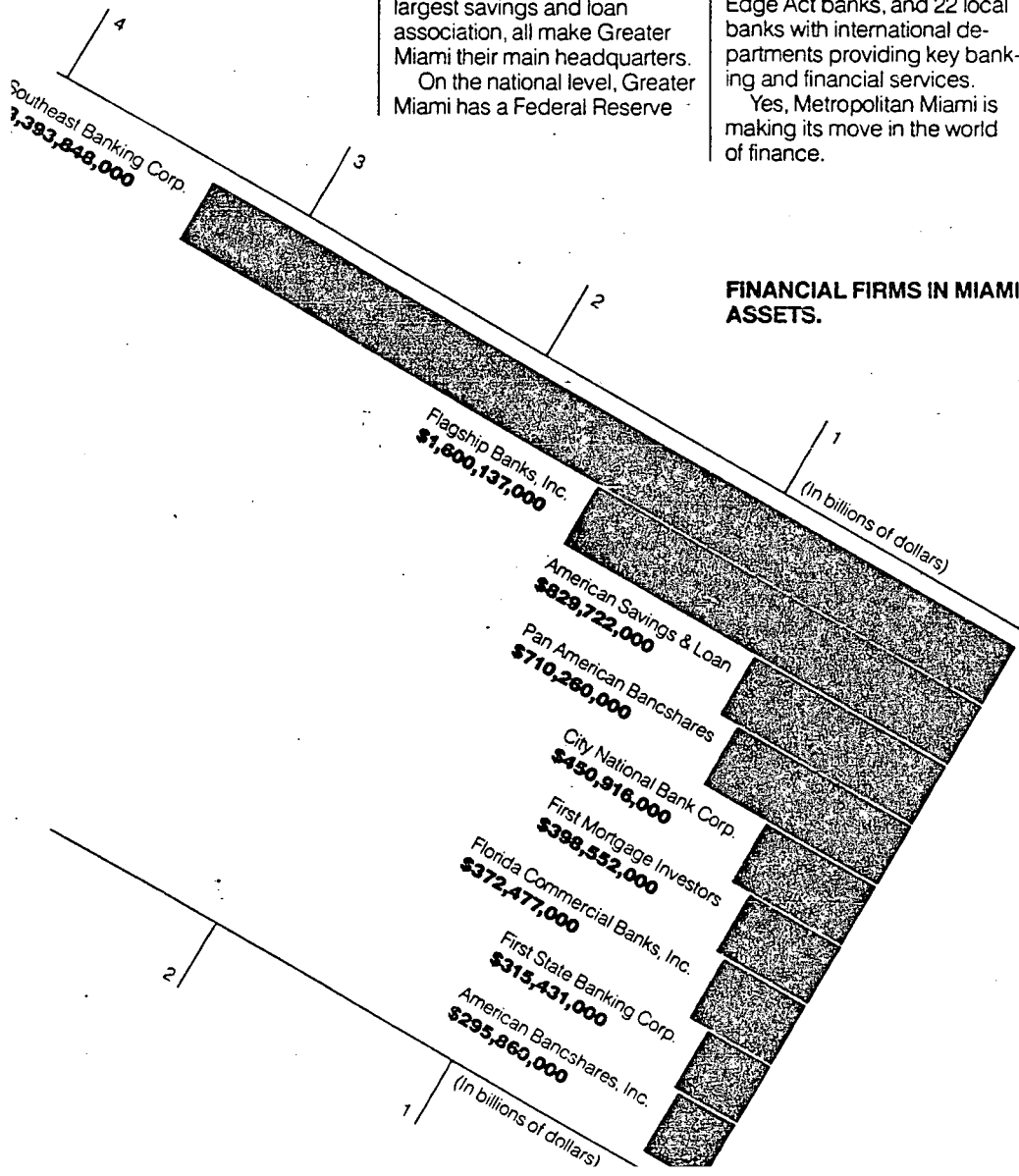
On the national level, Greater Miami has a Federal Reserve

Bank, which greatly facilitates the clearance of checks.

On the international level, 1978 has been a banner year for the Miami area: There are now 8 international banks, 13 Edge Act banks, and 22 local banks with international departments providing key banking and financial services.

Yes, Metropolitan Miami is making its move in the world of finance.

FINANCIAL FIRMS IN MIAMI: ASSETS.



STRONG GROWTH IN DEPOSITS.

Since 1974 deposits in Savings and Loan Associations in the Miami area have increased 84%.

The South's largest, First Federal Savings and Loan Association of Miami, which incidentally was the nation's first federally chartered S & L, reported assets of \$2.1 Billion as of June 30, 1978. Their mortgage loans reached almost \$1.5 Billion. Total assets for S & Ls in Dade County were \$10.3 Billion as of January, 1978.

Southeast Banking Corporation, Florida's largest financial institution, and headquartered here in Miami, had assets of \$3.8 Billion, June 30, 1978. Southeast First National Bank of Miami, with assets of \$1.9 Billion is Florida's largest bank.

There are a total of 75 domestic banks in Greater Miami with a combined 6.5 Billion of Deposits.

WE'RE EDGING UP TO NEW YORK.

With its 13 Edge Act Banks, Greater Miami is second only to New York. But, then, we're much, much younger. Edge Act

Banks are domestic bank branches which must engage in foreign international business only. While figures on Edge Act monies are not reported, they can be closely correlated with Latin American trade. As our exports to Latin America increased 180% from 1971 to 1975, it is safe to say Miami's Edge Act Banks are in the money.

8 FOREIGN BANKS IN 8 MONTHS.

For the first time, as of January 1, 1978, foreign banks were allowed by Florida law to operate in the state. It was a prosperous New Year for Greater Miami in terms of new banks: England 2, Canada 1, Brazil 1, Argentina 1, Israel 3. On the way: Another from Brazil, one from Spain. Considering that one of the conditions qualifying a foreign bank to operate in the U.S. is at

least \$25 Million more in assets than liabilities, Greater Miami has found some rich new friends.

At present there are an estimated 15,000 employed in the banking and financial field. With the need for trained personnel ever increasing in this specialized field, Florida International University in Metropolitan Miami is establishing a new International Banking Institute.

NOTHING is more indicative of Greater Miami's mega-strides as an international center than its trade activity.

- Sea cargo tonnage has tripled in the past 10 years.
- International air cargo, September 1976-September 1977, increased 19.9%.

Whether going or coming, by air or by sea, Miami is increasingly becoming one of the world's busiest trade centers.

- Total combined Sea/Air Exports, 1977: **\$3,722,503,042.**

BY SEA:

The Port of Miami is just a short bridge from downtown Miami. Official name: Dade County Seaport Department. Called: Dodge Island. By any name, however, it now leads all the world in the number of cruise passengers. Completed in 1967, the Port remains one of the world's most functional and efficient.

- 900 foot wide, 36 foot deep, approach channel.
- Ships turn at berth-site.
- Same-day discharge and loading.
- 70 foot wide dock aprons.
- 16 acres of modern cargo buildings.
- Four railroad sidings.
- Truck-bed level docking can accommodate 250 trucks at one time.

And as traffic grows, so grows the Port. Now being completed a 135,000 sq. ft. storage area, the seventh cargo building at the Port. Stretching out soon: another 2,000 linear feet of dockage to accommodate more vessels.

TRADE FACTS & FIGURES:

- In 1977, 293 U.S. Flag vessels and 2,177 foreign vessels docked here. An increase of more than one ship per working day.
- 87% of all general cargo appropriate to containers was containerized.
- Containerized cargo up 73% for the year.
- Trailers shipped, inbound and outbound were up 16% last year.

The Port's economic impact on the economy of Dade County in 1977 was **\$500 million.**

ATLANTIC INTRACOASTAL WATERWAY.

One of the country's largest protected waterways, extending from Miami as far north as Boston. Commercial use of this shipping lane to Florida ports has increased more than 20% in the past five years.

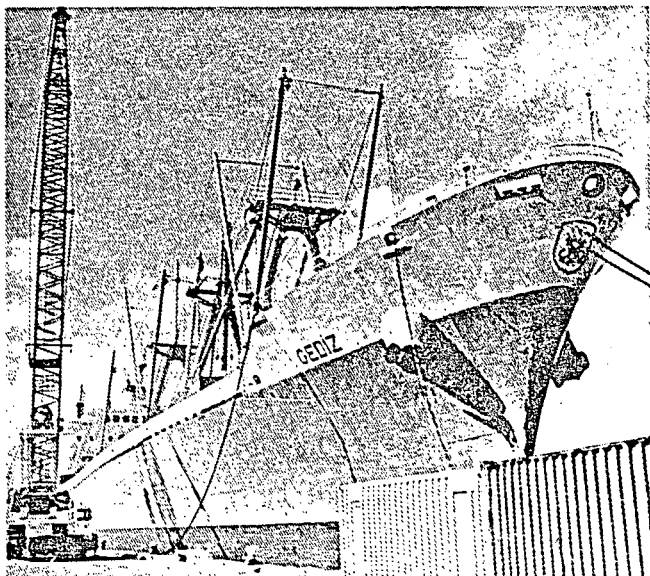
THE MIAMI RIVER.

This natural waterway cuts across Dade County serving heavy barges; and island freighters to the Bahamas, Caribbean, and Central America.

This working river is home base for a thriving marine repair and boat building industry.

MIAMI INTERNATIONAL AIRPORT.

With 1,000 tons of cargo a day, MIA is second only to New York in cargo tonnage. The complex covers 3,230 acres. A \$135 million expansion program is underway. Completed in 1977 — a major new international terminal.



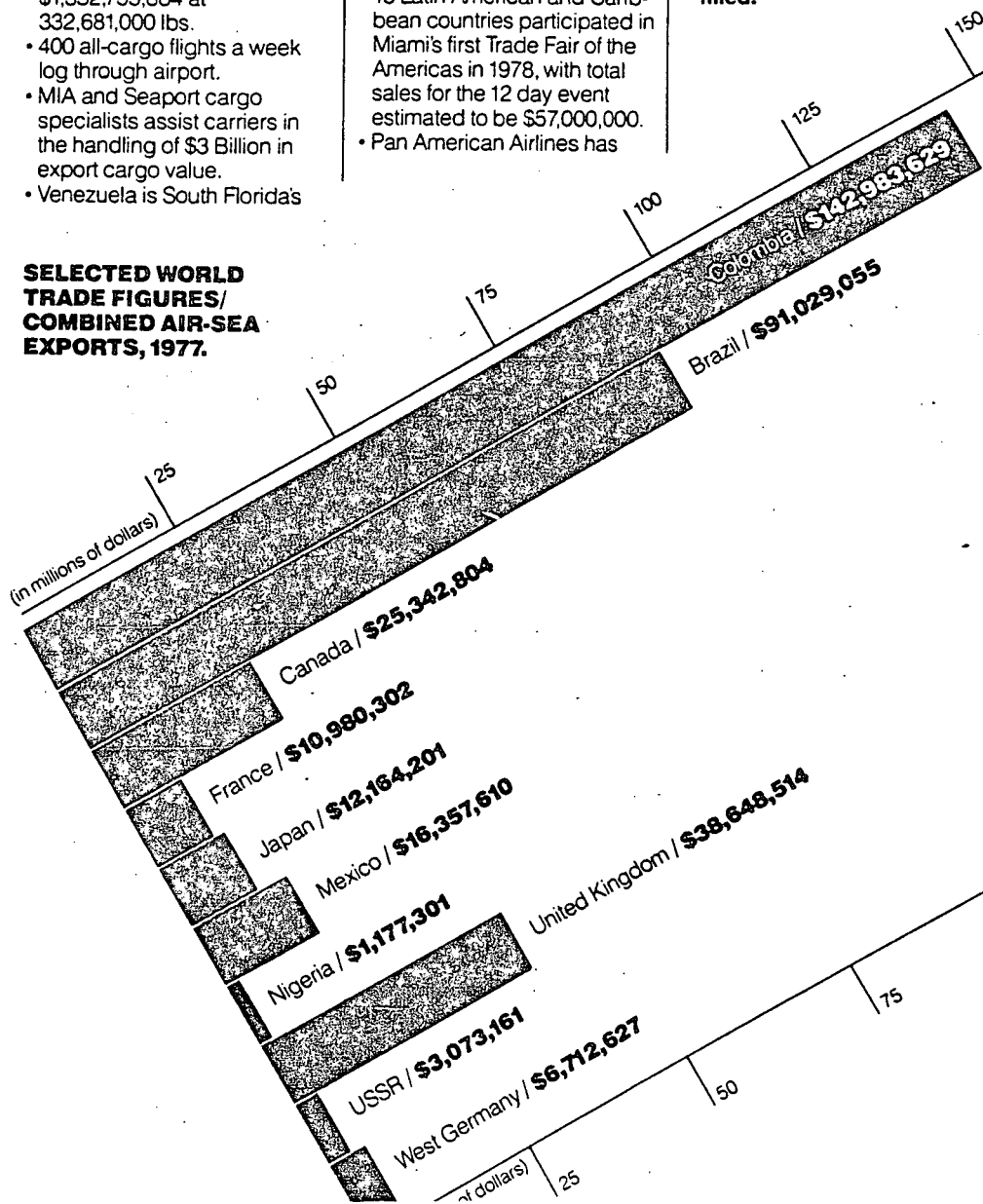
TRADE FACTS & FIGURES:

- Domestic Cargo, 1977: \$1,352,755,884 at 332,681,000 lbs.
- 400 all-cargo flights a week log through airport.
- MIA and Seaport cargo specialists assist carriers in the handling of \$3 Billion in export cargo value.
- Venezuela is South Florida's

- greatest trading partner with cargo valued at \$1,215,000,000 in 1977.
- 15 Latin American and Caribbean countries participated in Miami's first Trade Fair of the Americas in 1978, with total sales for the 12 day event estimated to be \$57,000,000.
- Pan American Airlines has

twelve 747 cargo planes a week to Latin America & the Caribbean. **They are always filled.**

SELECTED WORLD TRADE FIGURES/ COMBINED AIR-SEA EXPORTS, 1977.



THE Dade County Public School system is the 6th largest in the U.S. Dade, as are most school systems in the nation, is placing increased emphasis on the classic basics: reading, writing, arithmetic.

There are 235,000 students attending 253 public schools in the greater Miami area. As part of the public system, technical training schools are readily accessible in every area of the region.

In 1978, two multi-million dollar senior high schools opened to meet the increasing population growth of the area.

ONWARD & UPWARD.

At the upper levels of education, greater Miami excels in the quality and quantity of its learning institutions. There is a broad choice of both private and state supported colleges and universities, some offering very specialized and unique programs in research and training.

THE UNIVERSITY OF MIAMI.

The University is the largest private urban University in the

Southeast. Its enrollment includes students from all 50 states, 67 foreign countries, as well as a large percentage of Floridians. The 17,880 enrollment is co-educational, offering a vast well-trained employee pool among its graduates.

The University's medical school is internationally acclaimed. U of M's Rosenstiel School of Marine and Atmospheric Sciences works in close proximity with the National Oceanographic & Atmospheric Administration base near Key Biscayne. The latter is the center of the nation's hurricane following and warning complex.

Recently the University created a new division of meteorology and physical oceanography, combining two specialties that have become so significant for the future.

**FLORIDA
INTERNATIONAL
UNIVERSITY.**

Miami's urban state supported university, opened in 1972. Two campuses, with a third campus planned for downtown, offer programs in business, education, hotel, food, travel, health, social services, arts and sciences.

10,000 students attend this internationally focused university.

Other colleges in the area include Barry College, Biscayne College and Florida Memorial College.

**MIAMI-DADE
COMMUNITY COLLEGE.**

Only ten years old, but now the largest junior college in the nation. The enrollment of about 55,000 is divided between four campuses; North, South,

Downtown, and Medical. The college provides technical, vocational and semi-professional training required in business.

Miami-Dade also offers cooperative programs for firms wishing special courses for their employees; and for nominal registration fees will conduct classes right at the company.

IF YOU LIKE TO READ...

Over 1,500,000 books will be open to you by the end of 1978 in the Metropolitan Miami Public Library System. At present there is the main downtown library plus 21 branches. Two more, with 50,000 square feet

and 20,000 square feet, respectively, are opening in the very near future. AND THEN! In the not too distant future—the new showcase library; part of the coming culture complex in downtown Miami, will take your library card. Among special services of the Miami Library System are Talking Books for the Blind, Book Mobiles, Art Mobiles, Books by Mail, and Records/Tapes.

NEW LOOK. NEW LIFE FOR METROPOLITAN DADE COUNTY.

DOWNTOWN Miami, recently christened The New World Center, is undergoing a massive change in character.

OVER \$700 MILLION IN DOWNTOWN DEVELOPMENT UNDERWAY.

In all, there are 21 separate projects, here are some of the highlights.

RAPID TRANSIT. A rail/bus network for efficient, economical transportation connecting South Dade County to Downtown Miami to Hialeah. The system will have 20 stations, including three downtown stations. \$932 Million has already been committed for development. Construction begins in 1979.

THE DOWNTOWN GOVERNMENT CENTER:

- City of Miami Police Station.
- City Administration Building.
- Transportation Administration Building
- County Administration Building.
- New Central Library and an Art and Historical Museum, designed by Philip Johnson.
- One or more multi-level Parking Garages
- Four State of Florida buildings.

The main Rapid Transit Station will be located at the hub of the Government Center. By 1981

the Government Center will have approximately 12,000 employees serving over 15,000 visitors each day.

DOWNTOWN PEOPLE MOVER.

An exciting 3.7 mile shuttle system adjunct to Rapid Transit. Connects station stops with nearby offices, shops, hotels, etc. in downtown Miami.

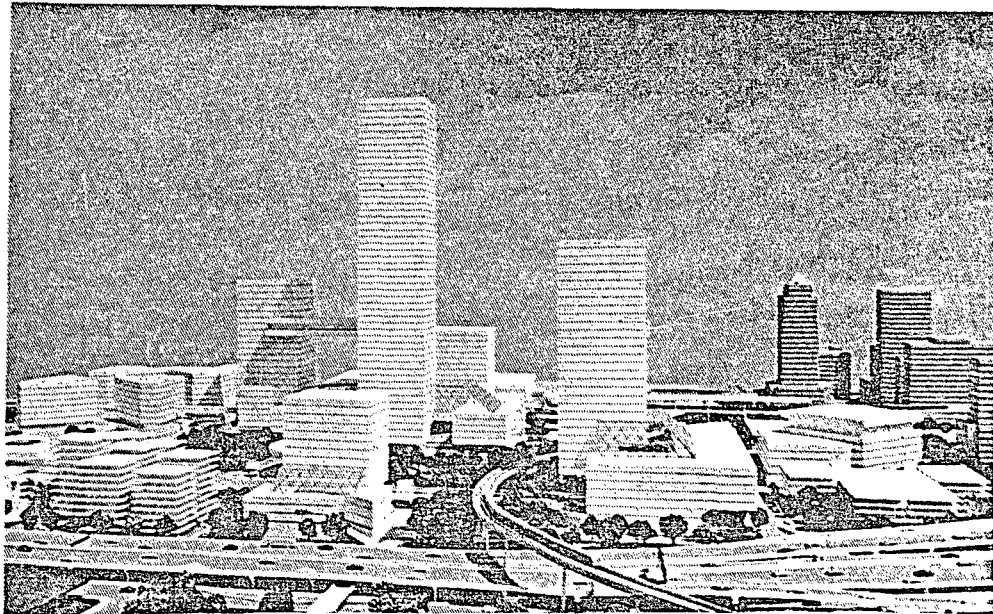
INDOOR SPORTS ARENA.

A \$30 Million downtown arena, for professional basketball, hockey, tennis, major entertainment events. Private investors.

WORLD TRADE CENTER.

An in-the-clouds location next to the coming Convention/Conference Center. Already granted a membership in the World Trade Center Association, headquartered in New York. Miami has its eyes on a 250,000 to 300,000 square foot building to provide a common meeting place for residents and foreigners engaged in international trade and commerce.

Government Center



CONVENTION/ CONFERENCE CENTER:

A joint public/private venture with the city, the University of Miami and a private developer. A center for conventions of moderate size, including a 600 room Hyatt Hotel.

WATSON ISLAND: To be developed into a \$55 Million dollar major theme park and tourist destination.

And there's a great deal more coming up in Greater Miami: Parks, Downtown Post Office, Federal Courthouse, Claughton Island, Mini-Parks, etc., etc., etc. And so on we go dreaming big—then building to make them come true.

PLAZA VENETIA.

Downtown's new luxury housing. 33 story bayside apartment complex with skywalk to Omni for shopping, etc. \$23 million in private development.

EDCOM: AN EDUCATIONAL, COMMERCIAL AND HOUSING PROJECT.

A downtown Miami facility that combines the resources of Florida International University, Miami-Dade Community College and Dade County & City of Miami Community Development Programs.

OTHER MAJOR DEVELOPMENT UNDERWAY IN DADE COUNTY INCLUDES:

FOREIGN TRADE ZONE.

A duty and tariff free area for merchants and manufacturers. When completed it could be among the world's largest in volume. Approximately 2 Million square feet will be available for warehousing in 1979. Another bow to Greater Miami's growing trade.

SOUTH BEACH. A \$635 Million redevelopment program on Miami Beach. Situated in one of the most desirable locations in the U.S., South Shore covers the entire tip of Miami Beach. It is based on a "total environment" concept for living, working, playing within a single context. It is bounded on three sides by water and centrally positioned within the rapidly growing Metropolitan Miami area.

VILLAGES OF HOMESTEAD.

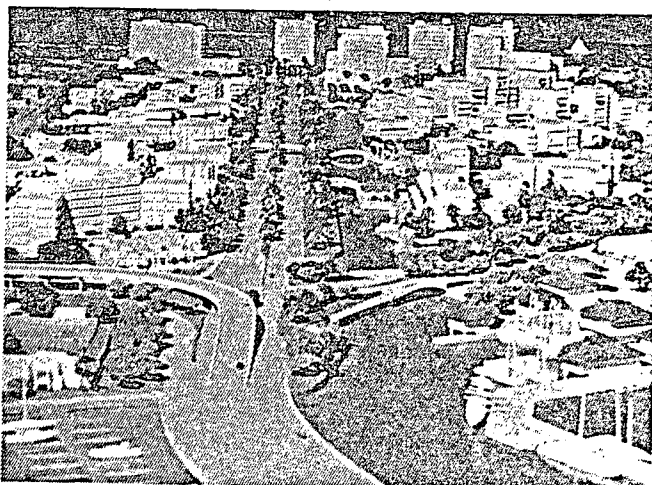
An entire new town, located on 3,175 acres, that has been planned to provide homes for 40,000 persons. Private Canadian Investors.

DADE COUNTY'S NEW ZOO.

250 planned acres supporting 2,500 animals on cageless islands surrounded by moats. Planned for completion in 1980.

WASTE RESOURCE RE- COVERY PLANT.

Soon to be America's largest and most advanced facility for the separation and treatment of waste. The end result: power for 41,000 homes. Metal and glass recovery. 3,000 tons of refuse processed every day.



South Beach

15 GROWING. WITH ROOM TO GROW MORE.

PLANNED growth has not only enriched our present, but is the key to Greater Miami's continued and future greatness.

The Land use Master Plan of 1965 and The Comprehensive Master Plan of 1975 protect against unrestricted urban growth with all its destructive results. However, even with these provident restrictions Metropolitan Miami still offers 5,000 acres of undeveloped land zoned for industrial use, with 11,000 more set aside for the future. A substantial amount more has been zoned for business enterprise.

Miami's industry is light and clean.

No smokestacks.

No pollution.

A healthy environment that constantly attracts new business.

PARKS FOR INDUSTRY:

Airport Industrial Park

3411 N.W. 79 Avenue
Originally 60 acres, 7 remaining.

Dade Central Services Center

9300 N.W. 13 Street
10 acres. Import-Export primarily.

Expressway Industrial Park

N.W. 12 Street at 87th Avenue
All services available. International clients.

Greater Miami Industrial Park

S.W. 8th Street at 160 Avenue
New facility, ready for occupancy.

Miami-Dade Industrial Park

4450 N.W. 60th Avenue
63-building, 510 acre park.

Miami Lakes Industrial Park

14340 N.W. 60th Avenue
Thriving light industrial area.

Mori Properties

5400 N.W. 159th Street
Access to Spring Lake Club, light industry.

Palmetto Lakes Park

5190 N.W. 167th Street
250 acres. Occupancy close to 100%.
300,000 more sq. ft. under const.

Skylake Industrial Park

N.E. and 12 Avenue at I-95
Attractive warehouse complex. Near country club.

Sunshine State Industrial Park

1300 N.W. 167th Street
Miami's first I.P., started in 1958. Emphasis on clean industry.

RAILROAD/INDUSTRIAL PARKS

Florida East Coast Railroad Industrial Park

1700 N.W. 72 Avenue
Only 50 of initial 300 acres uncommitted.
Railroad has offices nationwide. Additional 50,000 square feet of space in 1979.

Hialeah-Dade Industrial Park

N.W. 37th Avenue at 71 Street
Railroad siding with warehouse facilities.
Only 5 minutes from airport, near expressways.

Seaboard Coastline

Miami Industrial District

700 N.W. 179 Street
Currently developing two new areas: North Dade and near Plantation. Emphasis on clients needing rail services.

MOTOR FREIGHT

The superior network of highways and expressways that interconnect the Metropolitan Miami Area with the nation offer the direct method of shipping preferred by many.

- 36 major common carrier lines and truck facilities.
- Direct one-line carrier services or joint line services.
- Direct service to all U.S. key cities.

RAIL

Two major railroads; Seaboard Coastline and Florida East Coast provide piggyback and container service. Amtrak pas-

senger service to all major cities between Miami, New York, and Chicago.

BUS

Greyhound and Trailways provide both passenger and express parcel service on inter-city schedules.

Metro Transit Agency, with its new air-conditioned fleet provides area-wide commuter bus service; scheduled for express and local service.

WATER & SEWAGE

An underground reservoir known as Biscayne Aquifer supplies water to all of South Florida. Expansion of water delivery systems is underway. Present water treatment capacity of sewage is 260,000,000 G.P.D. Major installations of sewage disposal outfalls and plants are underway.

THE construction industry has not only recovered from the recession of '74—but

is thriving in Metropolitan Miami.

- Real Estate sales of private housing went from \$156,000,000 in 1970 to \$483,000,00 in 1977. And 1978 was even better!

Metropolitan Miami offers an extensive and interesting mix of residences: To each his own life-style. As of now, here's what living in the Miami area is like:

Single family homes	.. 250,000
Duplex 23,000
Condominium Units	.. 68,000
Co-ops 4,000
Townhouses 15,000
Cluster Homes 2,300
Apartment Bldgs. 13,000

ON THE AVERAGE

if you were to:

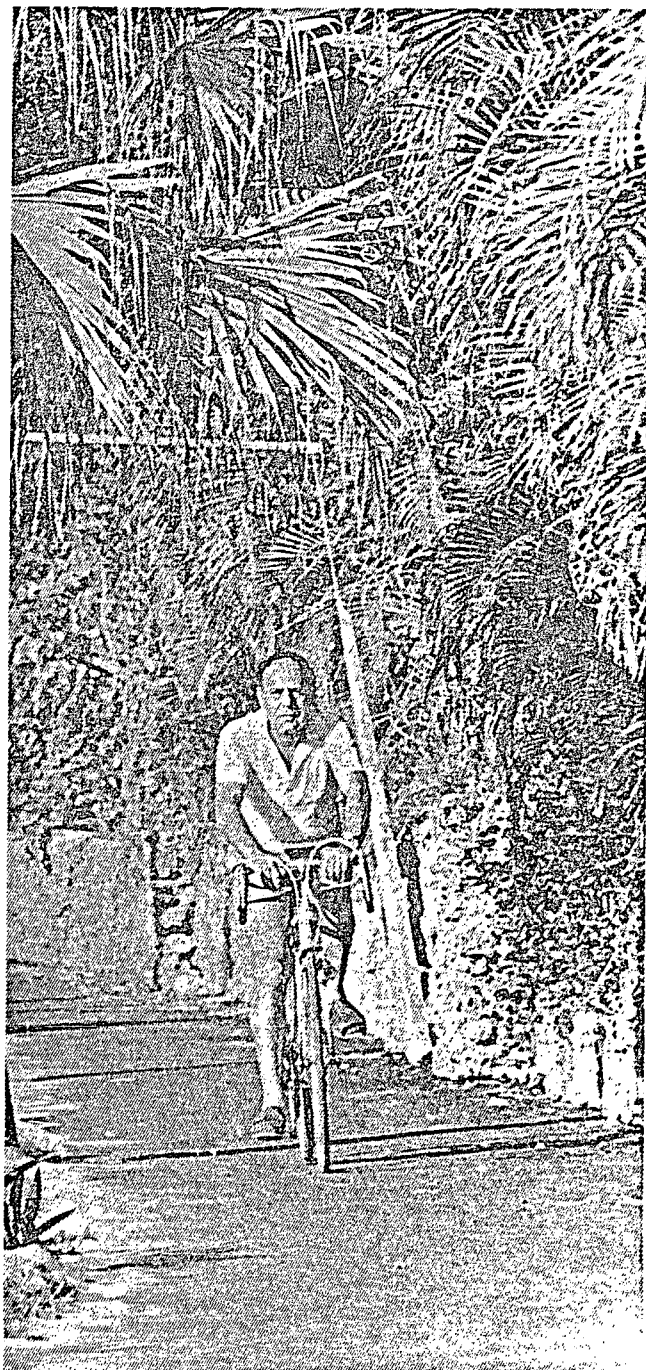
Buy a New Home—\$58,000

Buy a Used Home—\$52,000

Buy a Condo—\$42,000

Rent an Apt.—\$290 per mo.

August, 1978—A record 2,639 used home deals were closed in Greater Miami. This represents a sales rate of 85 homes per day; up 19% from previous record of 71 homes, set in the boom market of 1973.



17 MAKING POINTS: PEOPLE, PLACES, PRICES.

METROPOLITAN Miami is 10th in U.S. Population—6th in retail sales.

June, 1978—Gross sales in Dade County were \$2.5 Billion, a \$750 Million increase over the same period in 1977. **And \$400 Million Higher than the Record established in Dec. '77.**

METROPOLITAN MIAMI IS ENTERING A NEW ERA IN CONSTRUCTION OF OFFICE SPACE.

It's being led by the downtown center of Miami, and reaching out from there.

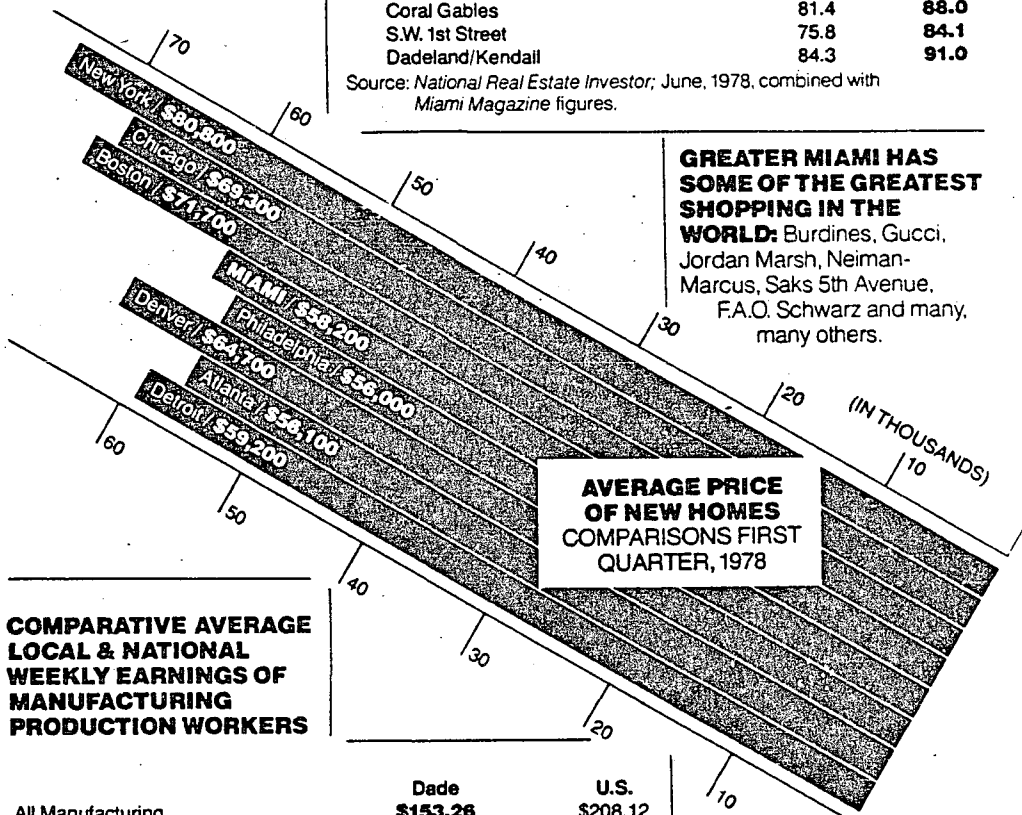
Occupancy rates

	1977	1978
Downtown core	75.5%	84.4%
Biscayne Boulevard	70.9	86.1
New Development areas		
Brickell Ave.	86.7	88.9
Coral Gables	81.4	88.0
S.W. 1st Street	75.8	84.1
Dadeland/Kendall	84.3	91.0

Source: National Real Estate Investor; June, 1978, combined with Miami Magazine figures.

GREATER MIAMI HAS SOME OF THE GREATEST SHOPPING IN THE WORLD:

Burdines, Gucci, Jordan Marsh, Neiman-Marcus, Saks 5th Avenue, F.A.O. Schwarz and many, many others.



COMPARATIVE AVERAGE LOCAL & NATIONAL WEEKLY EARNINGS OF MANUFACTURING PRODUCTION WORKERS

	Dade	U.S.
All Manufacturing	\$153.26	\$208.12
Furniture & Fixtures	\$164.78	\$154.03
Machinery	\$173.84	\$216.65
Transportation Equipment	\$188.82	\$272.30
Food & Kindred Products	\$167.91	\$198.99
Apparel & Other Textiles	\$119.04	\$121.75

Source: State of Florida, Department of Commerce, Division of Employment Security, 1977 Annual Planning Report for the Miami Standard Metropolitan Statistical area (Dade County)

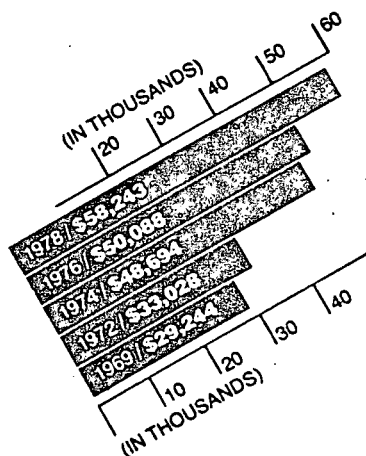
Source: Federal Home Loan Bank Board

AGRI-FACT: Projections indicate that by 1990, the number of people employed in agriculture will be only slightly less than at the present.

AGRI-FACT: Over 90% of nation's lime supply and seed corn are grown here.

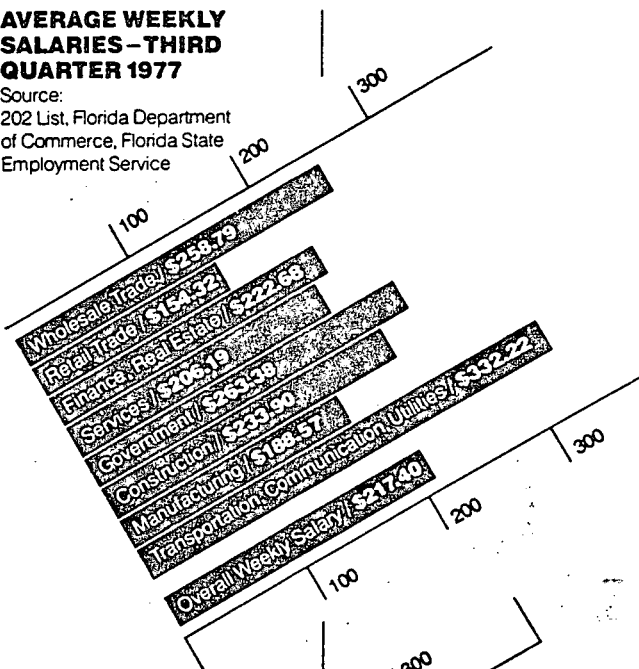
AVERAGE PRICE OF NEW HOMES

Source: Keyes Co., as printed in *Miami Herald*, August 11, 1978



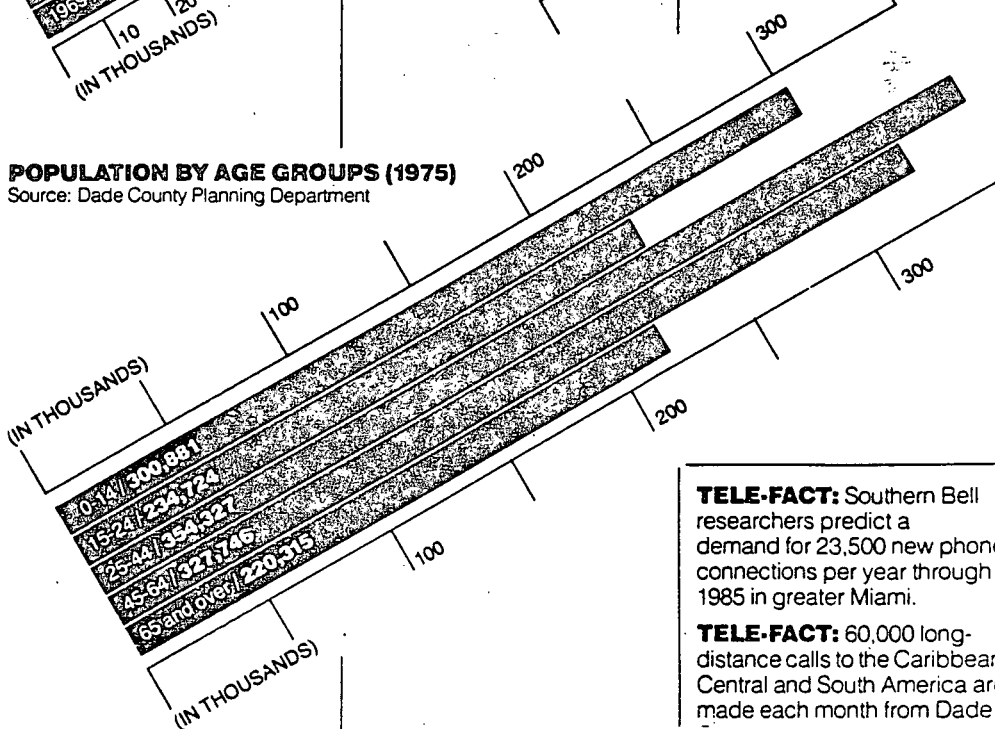
AVERAGE WEEKLY SALARIES - THIRD QUARTER 1977

Source: 202 List, Florida Department of Commerce, Florida State Employment Service



POPULATION BY AGE GROUPS (1975)

Source: Dade County Planning Department



TELE-FACT: Southern Bell researchers predict a demand for 23,500 new phone connections per year through 1985 in greater Miami.

TELE-FACT: 60,000 long-distance calls to the Caribbean, Central and South America are made each month from Dade

IN THE growth of Metropolitan Miami as an international center, the region's medical resources have contributed enormously. Both nationals and internationals increasingly arrive here for health care, medical research and related services.

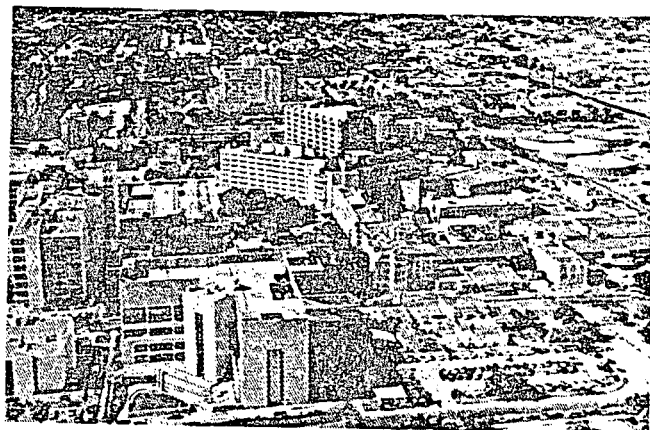
THE UNIVERSITY OF MIAMI/JACKSON MEMORIAL MEDICAL CENTER.

This regional center is the largest in the Southeast and ranks among the top ten of the 8,000 hospitals in the country.

The University of Miami School of Medicine, as an integral part of the sophisticated complex, coordinates the training of the over 600 interns and residents serving Jackson and VA hospital staffs. Jackson has about 400 staff physicians at all times.

Among the medical resources which are unique to the complex:

- A Comprehensive Cancer Center under the National Cancer Institute.
- The Burn Unit for treatment of the critically burned.
- The Mailman Center, exclusively for the treatment of children.
- Bascom-Palmer Eye Clinic, a major research and international treatment center.
- The School of Medicine and related complex facilities receives about \$20 million in research grants each year. A leading researcher in sickle cell anemia and heart disease.



In the past five years, \$75 Million in public bond funds have gone into Jackson construction. Yearly operating budget for the health complex is more than \$190 Million.

Among other institutions greatly respected in the medical fields include: Variety Children's Hospital, Miami Heart Institute, Ann Bates Leach Eye Hospital, Mt. Sinai Medical Center, Howard Hughes Medical Institute, Papanicolaou Cancer Research Center. And there are others.

Indeed, Metropolitan Miami offers some of the finest facilities in the medical profession along with the needed comprehensive and special facilities to be found in the United States.

FACTS & FIGURES.

- Employment in the health field increased 80% between 1950-1970 in the area.
- Encompasses 37 hospitals.
- 25 hospitals offer emergency room service.
- Highly sophisticated medical rescue service, handles 56,000 emergencies each year.
- 38 licensed nursing homes.

- 24 home health care programs.
- 126 dialysis stations at 7 hospitals.
- 5 free-standing artificial kidney centers.
- A total of 11,200 hospital rooms, 7.8 beds per 1,000. (National average 4 beds per 1,000).
- 3,288 private practice physicians; 177 to every 100,000 persons (only New York has more).

In the meantime, take two aspirin and get plenty of rest.

ENLIGHTENMENT. Entertainment. Excitement. Variety is the spice of the multicultural life in the Miami area. You can thrill to the polished power of the Miami Philharmonic or visit the past in a primitive Indian Village. Whatever your tastes, Miami offers an abundant feast.

Opera: The next voice you hear might be a soprano from La Scala or a basso-profundo from Paris. The well-subscribed Dade County Opera Guild presents the finest stars in the opera world. For concerts and recitals there's Gusman Hall, Bayfront Park Band Shell.

Theatre: Broadway is as close as Miami Beach's Theatre of Performing Arts. Same dramas. Same musicals. Original casts. Small wonder this magnificent 3,000 seat showcase is so often SRO.

And More Theatre: There's Coconut Grove Playhouse with more Broadway, more Stars, as well as very avant garde theater. The University of Miami Ring Theater, Players State Theater, and many intimate little theaters lighting up each night.

Art on a Grand Scale.

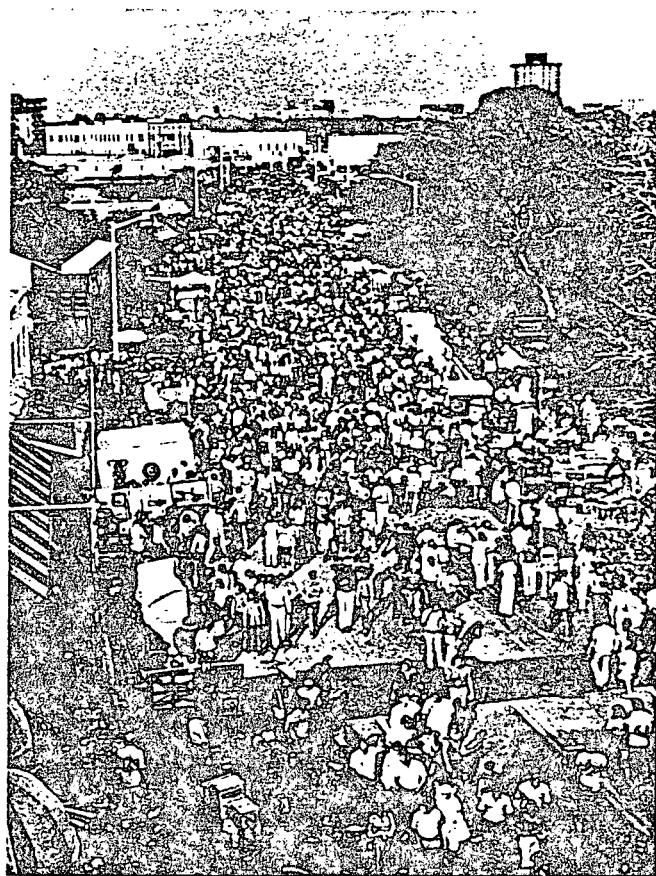
Miami abounds with art. So much so that it has taken to the walls. Murals are replacing blank building walls in downtown Miami, in what must be the world's largest permanent art show.

For viewing of priceless masterpieces, a rich choice: The Metropolitan Museum and Art Centers, U of M Lowe Art Museum, The Pace Collection. Not to be overlooked are the numerous private galleries with showings of all types of art and art forms. Art fairs and festivals

are a constant treat, one of the most celebrated; The Coconut Grove Art Festival.

The Whole Outdoors is a stage for the spectacular Orange Bowl Parade and Festival; Street Fairs and Festas with a spirited Latin beat; and, of course, those superstars of football fame, our own Miami Dolphins.

Stars of a celestial nature make their appearance at the Museum of Science and Planetarium, along with fascinating exhibits and displays.



Coming Soon: Miami's \$21.5 million Cultural Center designed by the world-renowned architect, Philip Johnson. This striking Mediterranean themed complex will house an art exhibit center, historical museum and a new central county library.

Added Attractions: Nine dance companies, 14 theater groups, 19 art galleries, 22 musical organizations, parks, playgrounds, and more, much more to come.

ONCE upon a time
everyone dreamed of
retiring to Miami. No more.
Now they're coming to work in
the Miami area.

People are smarter these
days.

They want sunshine now.
Not later. (And our sun shines
360 days a year.)

They like having the Atlantic
as their ole swimming hole.

They like golfing, tennis,
fishing, surfing, growing an
orange or picking fresh
vegetables at a nearby farm.

They like living a vacation
life, 52 weeks.

Not two.

That's the beauty of Miami
Muscle.

THIS brochure is a very condensed condensation of all that Metropolitan Miami offers and is. We have touched upon some of the highlights, and have attempted to present as many pertinent, productive and illuminating facts and statistics as space would allow. It would take volumes, however, to truly do justice to the virtues and vitality that make up Miami Muscle.

In the event you have questions, wish further information or simply want to talk about Metropolitan Miami, we invite you to contact any or all of the following agencies. It will be their pleasure to assist you.

City of Miami, Downtown Development Authority
Suite 2099, One Biscayne Tower
Miami, Florida 33131
(305) 579-6675
Roy F. Kenzie, Director

City of Miami, Office of Trade & Commerce
100 North Biscayne Boulevard
Suite 901
Miami, Florida 33135
(305) 579-3320
Telex: MIAED UT
Julio Castaño, Director

City of Hialeah, Community Development Division
501 Palm Avenue: P.O. Box 40
Hialeah, Florida 33010
(305) 885-1531
Richard W. Gross, Director

Metropolitan Dade County, Office of Economic Development
7880 Biscayne Boulevard
5th Floor
Miami, Florida 33138
(305) 751-3250
Jerry Leyendecker, Director

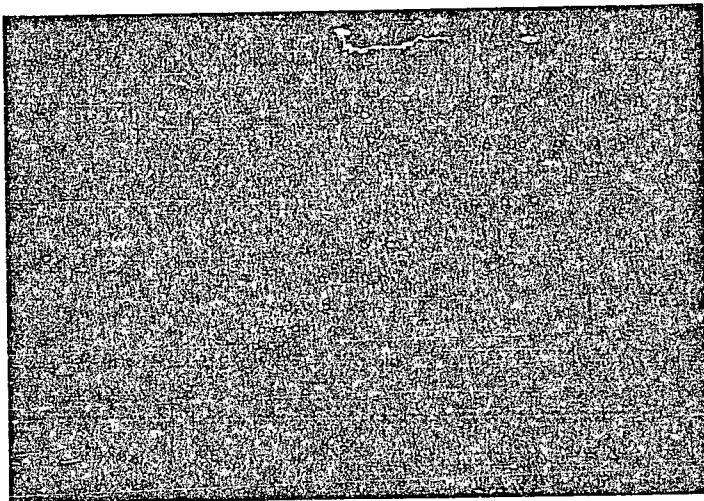
Dade County Industrial Development Authority
44 West Flagler Street
Suite 2550
Miami, Florida 33130
(305) 579-3764
John Haley, Director



Miami Beach Redevelopment Agency
1212 Fifth Street
Miami Beach, Florida 33139
(305) 673-7200
Steve Siskind, Director

Miami Beach Tourist Development Authority
555 17 Street
Miami Beach, Florida 33139
(305) 673-7080
Robert Jackson, Director

Miami-Metro Department of Tourism Promotion
499 Biscayne Boulevard
Miami, Florida 33132
(305) 579-6327
Lew Price, Director



MIAMI MUSCLE.

Designed and Prepared by Stephen Hall/Hall Graphics. Copy by Phyllis Simborg.
Typography by Supertype, Inc. Printing by Fine Arts.



A brighter economic future for Florida? YES!

Here are the answers to your questions . . .

- Q.** What is the Let's Help Florida Committee?
- A.** Let's Help Florida is a registered Florida political committee formed for the purpose of collecting 256,000 signatures, to place the issue of state-regulated, privately-owned casino operations on the "Gold Coast" before all the voters of Florida.
- Q.** Where will the casinos be located? How many will there be?
- A.** The only place casino-hotels will operate is in a narrow area in Dade and Broward counties along one side of Collins Avenue. This limitation will become part of the Florida Constitution, guaranteeing that this is the only place casino-hotels can be. It is projected that there will be seven casino hotels in operation by 1985.
- Q.** How will this amendment affect me here in my county?
- A.** Money from taxes on casinos will be returned to all 67 Florida counties, a written guarantee in this amendment. And the money also **MUST** BE directed to local schools and law enforcement, by the terms of the Constitutional amendment. It cannot be changed or altered.
- Q.** How much money can the state make from taxes on casinos? What will be the total economic impact on the state?
- A.** The state will be collecting about \$120 million annually just from the casino operations. Projections include 89,000 new permanent, full-time jobs; an increased payroll of \$772 million, and nearly triple visitor levels for the state.
- Q.** Who will police the casinos? And who will pay for the policing?
- A.** The state will enact laws to license and regulate casino operations. Casino operators will pay for the cost of regulation — taxpayers will not.
- Q.** When will we vote on legalized casinos?
- A.** November 7, on the statewide general election ballot. But we need the signatures NOW.
- Q.** What can I do to help?
- A.** Sign the attached petition and return it in the mail today. Ask your family, friends, neighbors and employees to do the same. Or you may make a contribution to the effort — \$1, \$5, or whatever your budget will allow.

FOR MORE PETITIONS, Write to LET'S HELP FLORIDA, 948 Arthur Godfrey Road, Miami Beach, Florida 33140 or call (305) 672-1960

THIS PETITION IS NOT A VOTE. It is a vehicle to enable you the right to vote YES or NO, in the general election of November 7, 1978, on the issue of legalized casino gambling.

Paid political advertisement; paid for by Let's Help Florida Committee. Sidney J. Wasserman, Treasurer

SIGN AND RETURN THIS PETITION TODAY!

YOU CAN BE PART OF FLORIDA'S BRIGHTER ECONOMIC FUTURE

Join us...



Let's help Florida

**Let's Help Florida — with legalized
casinos along Florida's Gold Coast**

Here's what this means for YOU —

- New state money — to help everyone.
- New state money — to assist our local school systems.
- New state money — to boost local law enforcement.
- New jobs throughout the state.

Sign this petition today!

FOR MORE PETITIONS, Write to LET'S HELP FLORIDA,
948 Arthur Godfrey Road, Miami Beach, Florida 33140
Or call (305) 672-1960

This petition is not a vote. It is a vehicle to enable
you the right to vote **YES** or **NO**, in the general election
of November 7, 1978, on the issue of legalized casino gambling.

Paid political advertisement; paid for by Let's Help Florida Committee.
Sidney Wasserman, Treasurer

CONSTITUTIONAL AMENDMENT PETITION FORM

NAME _____ PRECINCT # _____

(Please print name as it appears on voting roll)

ADDRESS _____ CITY _____ COUNTY _____

TO: Secretary of State
State of Florida

I am a registered voter of Florida and hereby petition
the Secretary of State to place the following Amendment
to the Florida Constitution on the ballot in the general
election to be held November 7, 1978.

Art. X, S15, Fla. Const., is created to read:

CASINO GAMBLING: The operation of state regulated
privately owned gambling casinos is hereby authorized
only within the following limited area:

That area of Dade and Broward Counties, Florida,
bounded on the East by the Atlantic Ocean; on the West
by the centerline of State Road A1A as designated on
March 1, 1978 to the centerline of 5th Street (U.S. #41)
and also bounded on the West by the centerline of

Collins Avenue from its intersection with 5th Street
Southerly to Biscayne Street and the Southerly prolonga-
tion of the centerline of Government Cut; bounded on the
South by the centerline of Government Cut; and bound-
ed on the North by the North line of Lot 1, Block 14,
BEVERLY BEACH, according to the Plat thereof recorded
in Plat Book 22, Page 13, Broward County Records.

Taxes upon the operation of gambling casinos shall be
collected by the State and appropriated to the several
counties, school districts and municipalities for the
support and maintenance of the free public schools and
local law enforcement.

SIGNATURE _____

deserving the term of economics, are fables, lies and made-to-order statistics.

Q. The pro-casino people are saying in their slick ads that casinos will triple visitors to Florida. Isn't this claim somewhat far-fetched?

A. Casino gambling is a distinct threat to Florida's healthy family vacationland image. The average visitor stays in Nevada under three days; in Florida that average is 18 days. You all know how important the Latin American tourist is becoming to Florida, especially to Miami and Orlando. Listen to the words of Senor Miguel Castro, president of the Confederation of Tourist Organizations of Latin America: "If a gambling image is created, Miami could lose the Latins who come here for the traditional family attractions of sun, sand and parks. Instead of getting whole families who would come for several days or weeks, there would be more single men who would come here for just a few days."

Q. Is Miami Beach really as dead as the casino crowd would have us believe?

A. Truth is, the old girl is showing robust signs of life despite all the downtalk. The streets are full of people, yet these casino clowns claim you could fire a cannon off on Washington Avenue and not hit a soul. Hogwash. The new Theater for the Performing Arts is a sellout for every performance. Resort taxes are soaring. The business from Latin America is booming. In 1973, there were 1,850 apartment units for sale on the Beach for \$90,000 and up; today there are only 125 left. Miami Beach has yet to reach her prime. We must not let the Vegas South advocates corrupt her.

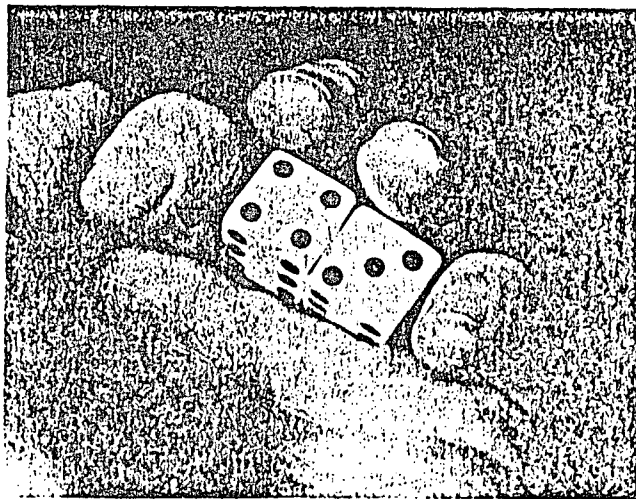
Q. What would the addition of at least seven monster-sized casinos do to the traffic problems and the economics of Miami Beach parking?

A. If Atlantic City is any kind of example, the answers are two-fold: terrible congestion and a gouge at the parking lot or garage that in the New Jersey casinos is running up to \$8 an hour or \$26 a night. AIA from the Diplomat Hotel in Broward County through the hotel row to Government Cut is already a bottleneck. And the casino pushers are constantly telling us that 80 per cent of Florida's tourists arrive by auto or bus. For every new policeman fighting casino-spawned crime, we will probably need another just acting as a traffic cop to unsmarl the city streets.

Q. Do you have any figures on the personal economics of what the casinos do to a person's pocketbook when he or she enters their so-called "gaming rooms?"

A. We'll let the Associated Press answer that one. In a wire service

dispatch published all over the country on June 19, 1978, the AP reported that gamblers at the East's first legal casino, in Atlantic City, are losing their money at an average of \$18 an hour. Writer Peter Mattiace, using a computer on enormous "win" figures released by the Resorts International Hotel Casino determined that slot machine players are losing \$18.64 per hour and table players are only slightly behind them in the loss column with an average per hour contribution to the huge casino of \$17.73. Casinos count on your losing, you bet.



In casinos, cheating is easy. This is how a crooked dice shooter makes a blanket roll.

is completely inconsistent and counter productive with all our efforts. Miami is growing as an international crossroads of banking and commerce. Why would we want to risk all of that with such a venture?"

—Florida Governor Reubin Askew.

"We have huge hotels and showrooms, filled with people doing business like crazy, and they're still going broke. Why? Because everyone, from the guys on top to the cocktail waitresses, are skimming billions of dollars. Everybody is stealing. I've ministered to people who have saved long and hard to build a house or get married. They get impatient and come here to double their money—and get wiped out in minutes . . . If you're asking for all the weirdos to come to your town, vote in casino gambling. It draws every kind of parasite. On holiday weekends, for example, thousands of prostitutes fly in to fleece the crowds. Prostitution and drugs go along with it. That's not official policy. But it's a fact."

—Jim Reid, a home missionary who serves the Las Vegas strip.

"If New Jersey Governor Brendan Byrne thought the mob could be kept out of Atlantic City casino operations, then he must also believe in the tooth fairy . . . It is now clear that organized crime has been planning an Atlantic City takeover for at least the past seven years."

—New York Magazine article entitled "The Mob Wades Ashore in Atlantic City," January 30, 1978.

"Casino gambling will drain resources from the economy, attract criminal elements and result in smaller pay checks, larger welfare rolls, broken homes and broken dreams . . . Can a government build economic strength by catering to people's weaknesses? Should we try to build an economy based upon exploiting those weaknesses? Is that the way to lead to a better society? The answer is clearly no!"

—Florida Governor Reubin Askew, May, 1978.

"The legalization of casino gambling has transformed Atlantic City into a new frontier for organized crime."

—The New York Times, February 5, 1978.

"From a study sponsored by the U.S. government and supported by a grant from the National Science Foundation comes a fresh—and surprising—appraisal of legalized gambling . . . States are not reaping the huge revenues expected—nor are they cutting deeply into illegal gambling."

—U.S. News & World Report, September, 1976.

"A guy who bets \$100 looks impressive. But you can make more from one who bets \$10 ten times—he's ten times as likely to lose."

—Forbes Magazine, June 12, 1978, quoting Bill Friedman who runs two Las Vegas casinos.

"The casino pushers weave a web of absolute beauty and joy with their fabricated figures—But let's see if we can find the spider. Let's not sell our souls for five hotels. Even *The Miami Beach Sun-Reporter*, the gamblers' newspaper that gave \$5,000 to the pushers, reported on June 15, 1978, that there was a 31 per cent increase in resort taxes on Miami Beach for the month of April and that the growth is expected to go through September. Miami Beach doesn't need casino skimmers, milkers and attendant criminals. We want to be family-oriented. I don't want my son to become a croupier or dealer for \$300 to \$400 a week."

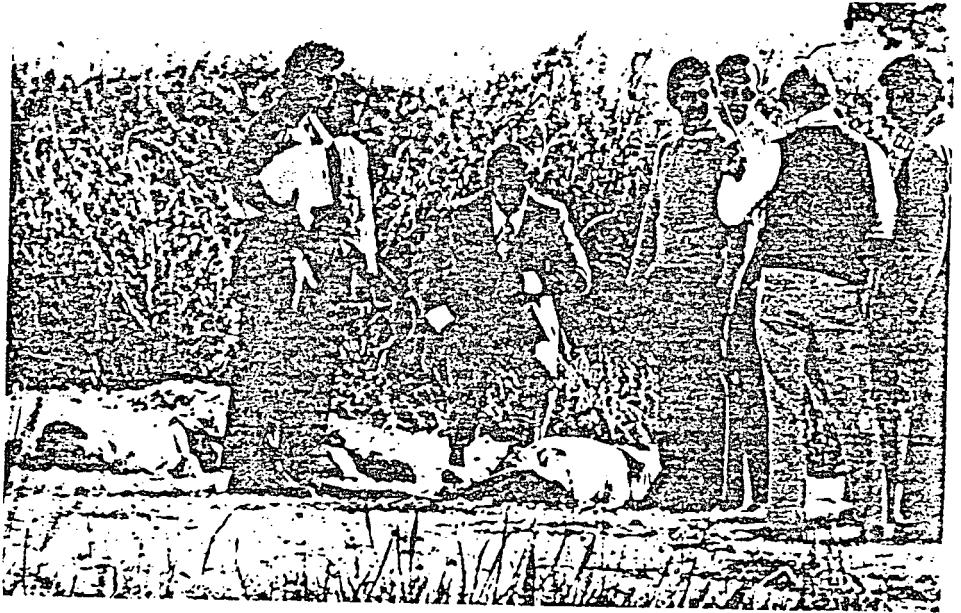
—Jay Dermer, F.A.C.T. Chairman, Former Miami Beach mayor.

"Central Florida has Disney World. Don't give the South Florida Gold Coast Disaster World."

—James P. Wendler, former mayor of Surfside, one of the cities included in casino pusher proposed strip.

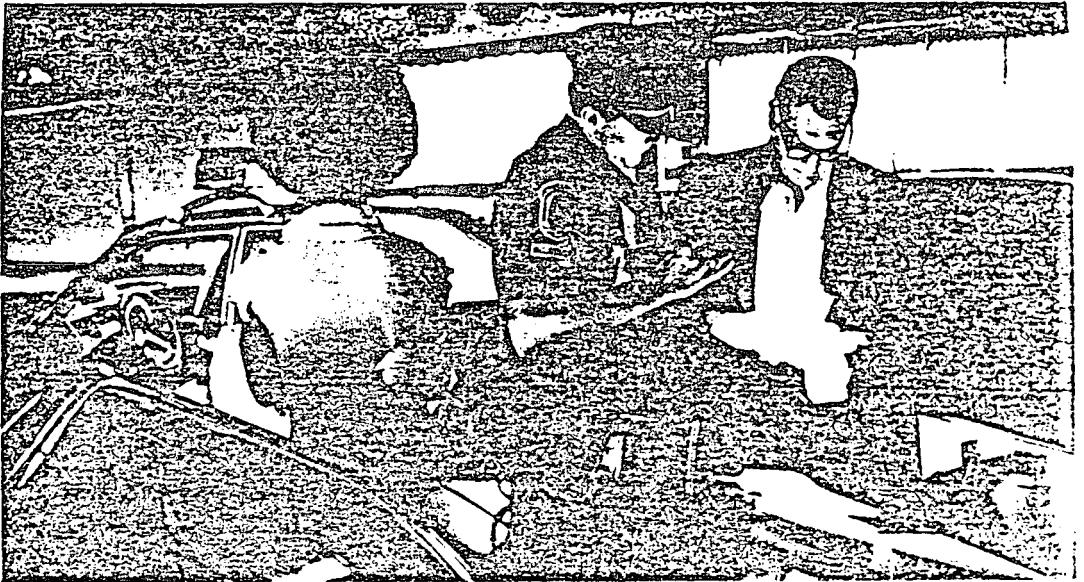


Ladies on a lark in Atlantic City's casino. The one-armed bandits, according to the Associated Press, robbed the average customer of \$18.64 an hour. Lady Luck?



Metro Miami police study two murdered unknowns on the edge of the Everglades. Casinos and their attendant

crime will greatly increase such grisly scenes all over Miami and Broward. Casinos do not make good neighbors.



VI. QUOTATIONS:

Fact And Eloquence And Common Sense

"Investigation reveals that legalized gambling has failed miserably as a financial savior, except to line the pockets of rip-off artists, and that it systematically corrupts police and government officials."

*—Baptist Press News Service, May 31, 1978.
(In June, Southern Baptists voted to blacklist Miami Beach if casinos come.)*

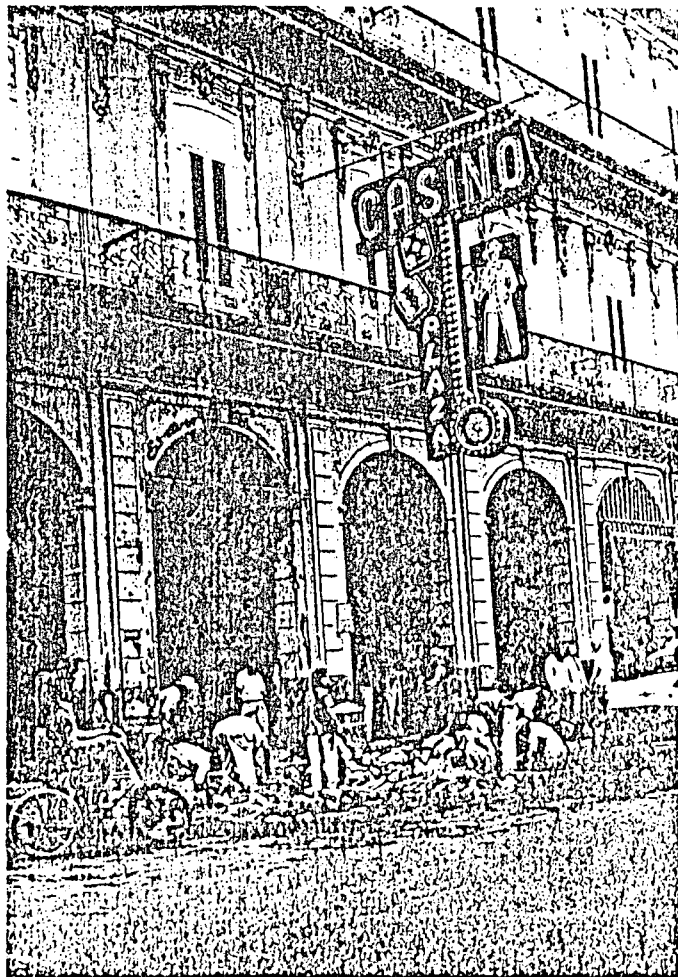
"Casino gambling seems to be invariably accompanied by syndicated crime. Prostitution and loan-sharks are but two of the many aspects of organized crime. Not the least consequence of the introduction of casino gambling is the possibility of improper influence on public officials. Vast sums of money flowing through the casinos make possible the purchase of concessions and favors from public officials."

*—from a June 9, 1978, statement by the
Catholic Bishops of Miami, St. Augustine,
St. Petersburg, Orlando and Pensacola-
Tallahassee.*

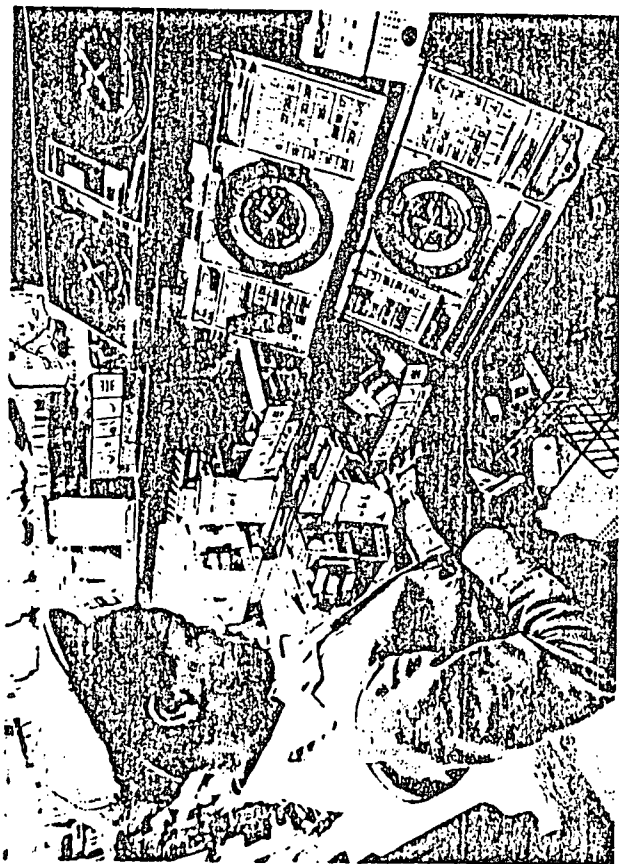
"Gambling is a menace to society, deadly to the best interests of moral, social, economic and spiritual life, and destructive of good government. As an act of faith and love, Christians should abstain from gambling, and should strive to minister to those victimized by the practice. Community standard and personal life styles should be such as would make unnecessary and undesirable the resort to commercial gambling, including public lotteries, as a recreation, as an escape, or as a means of producing public revenue or funds for support of charities or government."

—The 1976 Discipline of the United Methodist Church. Meeting in Lakeland this past June, the Florida Conference voted all-out support of the drive to keep casinos from gaining a foothold on the Gold Coast.

"I am strongly against the introduction of casinos in Miami Beach. Gambling is a non-productive way of gaining or losing money, one that allows the participant to evade the realities of life. Those who call for casinos as a means of saving the economy of



A Havana casino, where corruption, vice and depravity leered at Miami from across the Florida Straits. Casinos corrupt, most any Florida Latin will tell you that.



A 13-year-old Atlantic City schoolboy checks out the toy roulette wheels on the Boardwalk near the Resorts In-

ternational Casino. Florida's children would be similarly affected.

our area are also evading the realities of life. Casinos are easy and expedient. What we need to stress as a resort city are the long range problems such as courtesy and quality of life."

—Rabbi Phineas A. Webberman,
Ohev Shalom Congregation,
Miami Beach, July, 1978.

"Gambling creates no economic goods and no wealth and is parasitic . . . Gambling operates on a one-side percentage basis which makes it impossible for bettors as a class to benefit . . . At best, gambling distributes wealth from the many to the few. A Massachusetts study showed that four out of five who could least afford to gamble purchased lottery tickets . . ."

—The Council of State Governments,
"Gambling: A Source of State Revenue," 1973.

"Pity the poor blue-collar gambler. Atlantic City will bring big-time Vegas action to every small-time Hoboken hustler with a free afternoon and five dollars for gas . . . Riveters and longshoremen will play blackjack next to Main Line ladies in silk evening gowns. Casinos like tennis, will have gone blue collar. The event is going to alter a lot of lives."

—New Times Magazine, June 12, 1978.

"The mafia is already tolerating a group of Cuban hoodlums, the Malagamba gang from northern New Jersey, which has gained a foothold in Atlantic City's illicit market for cocaine, marijuana and hookers."

—Time Magazine, January 16, 1978.

"Tourism will be hurt. Our tourist image as a place for families to vacation, for retirees to settle, and for convention attendees and others to enjoy year round outdoor sports and recreational activities will be damaged by trying to attract the gamblers who now go to Nevada or the islands. We could lose more tourists than we gain. Why take this chance?"

—The Crime Commission of Greater Miami, 1978.

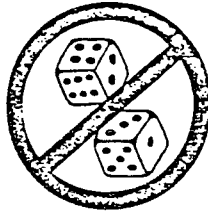
"Tourism would not alone be hurt by casino gambling, but the casinos would completely undermine all of the work done in economic development. We have been trying to balance the Florida economy by recruiting solid business and industry. We want our new private corporate citizens to feel this is a state in which they want to invest their money. The tarnished image of casino gambling

**You Can Stop Casino
Gambling Only By
Voting Against
Proposition 9**

The only way to stop casino gambling from moving into Florida is to go to the polls on Tuesday, November 7, and vote against Proposition 9.

Casino promoters are gambling that you won't bother. Or that you won't locate Proposition 9 on the ballot.

Please. Make sure to vote on Tuesday. And make sure to vote against Proposition 9. For Florida's sake.



Some of the People Against Casinos

- United Council of Churches
- Florida's Catholic Bishops
- Rabbinical Association of Greater Miami
- Candidates for Governor, Graham and Eckerd
- Florida Law Enforcement Agencies
- Speaker of the Florida House of Representatives and the President of the Senate
- Florida House Committee on Organized Crime
- Hon. William Traelstrup, Commissioner of the Florida Department of Law Enforcement
- The Florida Chamber of Commerce
- Senior Citizen Organizations
- Every major daily newspaper in Florida
- Tenant and Homeowner Groups

**CASINOS IN FLORIDA:
EVEN IF YOU DON'T
PLAY, YOU LOSE**

**REASONS TO
VOTE AGAINST
PROPOSITION 9**

**THE CASE AGAINST
CASINO GAMBLING**

1. Casino gambling would spread, like cancer, throughout Florida.

If Casino gambling is allowed a foothold anywhere in Florida, it will be only a matter of time before it spreads throughout the State. And gambling will never be contained to a few hotels. In Nevada, gambling has spread everywhere. Over 38,000 slot machines blanket the state—even in grocery stores and pharmacies—tempting youngsters and those who can least afford to gamble away their paychecks.

2. Casino gambling promotes crime—and also human misery.

Las Vegas today is the crime capital of our country. Murder and armed robbery are commonplace. Loan sharks prey on gambling losers. Prostitution and pornography are wide open. Drugs flourish.

But gambling not only promotes crime. It produces human tragedy as well. Las Vegas leads the nation in bankruptcies, in deaths by alcoholism and in suicides. Gambling not only takes people's money, it frequently destroys their lives.

3. Casino gambling is a breeding ground for organized crime.

It is very clear who is behind the push for casino gambling in Florida. And it is also clear that organized crime—the mob—moves in right behind casino gambling, trying to buy hidden interests in the casinos themselves and also infiltrating all kinds of legitimate businesses. The underworld influence in Las Vegas is well documented. And an investigation in Atlantic City revealed that at least four organized crime groups and their associates have already attempted to invest heavily in Atlantic City real estate, hotels, restaurants, bars, a jewelry store, a national service and an airport.

4. Casino gambling would destroy our quality of life.

Perhaps the biggest thing Florida would lose with a gambling take-over is our way-of-life. To-

day, we are blessed with a healthy, wholesome environment. People, young and old, now come to live in Florida because it offers a unique style of life. Families come to visit because of our climate, our water resources and our family entertainment facilities.

Casino gambling will lure an undesirable element to Florida—and it will discourage people from coming here to live or to vacation with their families.

5. Casino gambling will be very costly to Florida's older citizens.

Wherever casinos locate, they drive up the cost of living. In both Las Vegas and Atlantic City, rents are sky-high. Food prices are rising. The inevitable result is that older people, living on fixed incomes, are badly squeezed. Many are forced to move out.

Florida's older residents would not only be hurt by rising prices. Casino gambling would also jeopardize the \$54 million in state and federal funds now used to provide aid for the elderly. And not one cent of any money raised for the state by casino gambling is earmarked to be used to help the elderly.

6. Casino gambling will be bad for the young people of Florida.

In places where gambling flourishes, children learn early how to gamble. It is a sad sight to see children pouring nickels into slot machines or playing with dice. A national study reports that children who grow up in a casino gambling atmosphere develop unreal images of the world and tend to gravitate to less productive employment, attracted by the glitter and fast life of the casinos.

7. Casino gambling can be devastating to poorer and middle class families.

One of the reasons that every major church group in Florida is against Proposition 9 is that casino gambling is so potentially damaging to families, particularly those who can least afford to lose at gambling.

The compulsion to gamble away a pay check, or even a welfare check, is very strong. And the result can be devastating. Rents unpaid.

Children without needed food or clothing. Temptation to steal to support a family—let alone abandon that family. It is a vicious cycle which begins with casino gambling.

8. Casino gambling will darken the economic future of Florida.

Florida has a great deal going for it today—without casino gambling. Family tourism is growing. Tourists spent \$11.3 billion in 1971 compared to \$3.6 billion in 1970. And plans for expanded and renovated facilities will insure future growth. Florida is also crossing the threshold of rapid, international commercial and industrial growth.

That is one of the reasons why the Florida Chamber of Commerce and the Greater Miami Chamber both oppose casino gambling. It is why the overwhelming majority of businessmen and women all over Florida are against it. Casino gambling could destroy the growth potential of Florida. Legitimate business does not want to operate in the shadow of casinos. Executives and employees do not like the atmosphere of casino towns. Parents do not want to expose their families, or take them on vacations, where gambling, prostitution and pornography flourish. Casino gambling would be very bad business for Florida.

9. Casino gambling will cost Florida much more than it ever contributes.

The high-powered casino promoters are trying to sell the idea that casino gambling will produce big revenues for state government in Florida. The truth is that casinos will cost Florida taxpayers. If legitimate business expansion slows, if family tourism declines, if crime increases and the cost of law enforcement goes up, who will suffer? Florida taxpayers. The projected revenues from casinos are widely overstated and the casino promoters admit that even their own projections are for the 1990's! And their estimates of new jobs are equally suspect. Most casino-related jobs are menial, low-paying jobs with little prospect for advancement. And many of the jobs go to drivers from other gambling areas. Casinos will not help hold down taxes. They are a bad gamble with Florida's future.

Appendix H

"CASINOS ARE BAD BUSINESS!"
Committee Roster - 1978-79

BOMAR, THOMAS - CHAIRMAN
President
First Federal Savings & Loan Assoc.
One S.E. Third Avenue
Miami, Florida 33131
577-6100

McLAMORE, JAMES - TREASURER
Consultant Finance Chairman
7100 North Kendall Drive, Suite 211
Miami, Florida 33156
667-1044

FISCHER, LOUIS - VICE CHAIRMAN
1440 Brickell Avenue
Miami, Florida 33131
358-4100

BELLAMY, JEANNE - DEPUTY TREASURER
2917 Seminole Street
Miami, Florida 33133
856-6507

ALLEN, KENDALL W.
Regional Manager
Northwestern Mutual Life Insur. Co.
1110 Brickell Avenue
Miami, Florida 33131
373-5652

CHOWNING, JOHN S.
Partner
Shutts & Bowen
1000 Southeast First Nat'l Bank Bldg.
Miami, Florida 33131
358-6300

BENITEZ, RAFAEL - Position Dev. Chairman
The Law School
University of Miami
P.O. Box 248087
Coral Gables, Florida 33124
84-5402

COBB, JAMES A.
Executive Vice-President & General Manager
Key Power Systems, Inc.
2277 N.W. 14 Street
Miami, Florida 33125
634-3541

MURTON, ROBERT A.
Director of Administrative Services
Jackson Memorial Hospital
611 N.W. 12th Avenue
Miami, Florida 33136
25-7137

CONGER, THOMAS
Executive Vice-President
Conger Life Insurance Company
P.O. Box 1968 Buena Vista Street
Miami, Florida 33137
751-5005

HAPMAN, ALVAH H., JR.
resident
The Miami Herald
The Herald Plaza
Miami, Florida 33101
50-2413

FAIR, WILLARD
President
Urban League of Greater Miami
1200 Biscayne Boulevard
Miami, Florida 33132
358-3237

"CASINOS ARE BAD BUSINESS!" Committee Roster 1978-79 (Cont.)

FINE, MARTIN - Finance Chairman

Partner

Fine, Jacobson, Block, Goldbert & Semet
2401 Douglas Road
Miami, Florida 33145
444-8401

FLEMING, JOSEPH - Legal Co-Chairman

Fleming & Neuman
620 Ingraham Building
Miami, Florida 33131
373-0791

GOLDMAN, MARVIN

President

Gulf Drug Company
425 East 10th Court
Hialeah, Florida 33011
888-2313

GRAFTON, EDWARD

President

Ferendino/Grafton/Spillis/Candela
800 Douglas Entrance
Coral Gables, Florida 33134
444-4691

GRAHAM, BOB

State Senator

7411 Miami Lakes Drive
Miami Lakes, Florida 33013
821-1760

HARRIS, MARSHALL

Harris & Sirkin, P.A.

21 N.E. 1st Avenue
Miami, Florida 33131
358-1455

HAVENICK, FRED

West Flagler Dog Track
P.O. Box 35-460
Miami, Florida 33135
649-3000

HICKS, BILL - Speakers Bureau Chairman

Partner

Colson & Hicks
66 West Flagler Street
Miami, Florida 33130
373-9016

HUGHES, JOHN L.

Assistant Vice-President

Dade Federal Savings & Loan
1400 N.W. 36 Street
Miami, Florida 33142
633-2491

JENNINGS, JOSEPH F. - Legal Co-Chairman

Vice-President

Bradford Williams McKay,
Kimbrell, Hamann & Jennings
101 East Flagler Street - 9th Floor
Miami, Florida 33131
358-8181

LABAW, RICHARD A.

Director

Dept. of Off-Street Parking, City of Miami
190 N.E. 3rd Street
Miami, Florida 33132
579-6789

LEONARD, THOMAS A.

Executive Vice-President

Leonard Bros. Trucking Co., Inc.
2515 N.W. 20 Street
Miami, Florida 33152
634-2661

MAGENHEIMER, STEVE

S.J. Magenheimer & Associates, Inc.
100 North Biscayne Boulevard - 2707
Miami, Florida 33132
374-0408

"CASINOS ARE BAD BUSINESS!" Committee Roster 1978-79 (Cont.)

McLEMORE, MORRIS - Public Affairs Chairman

President
Information Enterprises
1110 Brickell Avenue
Miami, Florida 33131
374-3066

MORRIS, ALLEN

Director, The Allen Morris Company
1000 Brickell Avenue
Miami, Florida 33131
358-1000

MEYERSON, MURRAY S.

Mason, Meyerson, P.A.
209 East Flagler Street
Miami, Florida 33131
373-6304

PAPPAS, THEODORE - Assoc. Organ. Chairman

Chairman of the Board
The Keyes Company
100 North Biscayne Boulevard
Miami, Florida 33132
371-3592

PHELPS, HENRY - Research Chairman

Rate & Forecast Supv.
Southern Bell - Room 314
P.O. Box 440100
Miami, Florida 33144
263-2030

RICO, H. PAUL

Vice-President
World Jai-Alai, Inc.
3500 N.W. 37 Avenue
Miami, Florida 33142
633-6400

ROBBIE, JOSEPH

Managing Partner
Miami Dolphins
330 Biscayne Boulevard
Miami, Florida 33132
379-1851

STAFFORD, ROLAND M.

President
Peoples Downtown National Bank
405 N.E. 2nd Avenue
Miami, Florida 33132
371-9641

STECKLY, BILL

8129 S.W. 81 Court
Miami, Florida 33143
596-0846

STOBS, J. ROBERT

Chairman of the Board
Stobs Bros. Construction Company
7010 N.E. 4th Court
Miami, Florida 33138
751-1692

WARRINGTON, ALFRED C., IV

Managing Partner
Arthur Andersen & Co.
One Biscayne Tower, Suite 2100
Miami, Florida 33131
374-3700

WOLFE, THOMAS L.

Partner
Shutts & Bowen
1000 S.E. First Nat'l Bank Building
Miami, Florida 33131
358-6300

WOLFSON, RICHARD F.

Executive Vice-President
Wometco Enterprise
316 North Miami Avenue
Miami, Florida 33128
374-6262

"CASINOS ARE BAD BUSINESS!" Committee Roster - Addendum

BYRD, William E. Vice President and Trust Officer Peoples First National Bank of Miami Shores P.O. Box 530277 Miami Shores, Florida 33153	757-5511
DURAN, Alfredo Attorney 619 N.W. 12th Avenue Miami, Florida 33136	324-5040
HUME, David President Hume/Smith/Mickelberry Advertising, Inc. 1000 Brickell Avenue Miami, Florida 33131	377-8361
KLIMKOWSKI, Adam 310 S.W. 51st Avenue Miami, Florida 33134	443-0094
McDOUGAL, Bud President Culligan Water Conditioning, Inc. 3510 S. Dixie Highway Miami, Florida 33133	445-3568
QUESENBERRY, William F., Jr. Owner Quesenberry & Catlin P.O. Box 350610-Riverside Station Miami, Florida 33135	643-1744
RANGE, Athalie 5727 N.W. 17th Avenue Miami, Florida 33142	691-4343
WHITTAKER, Kenneth W. Attorney at Law 8340 N.E. 2nd Avenue, Suite 243 Miami, Florida 33138	757-8340

July 11, 1978

YOU CAN JUDGE CASINOS BY THE COMPANY THEY KEEP

Jobs who supports casinos

- A few wealthy Miami Beach Hotel interests
- Hired out-of-state political arrangers
- The behind-the-scenes underworld

Jobs who opposes casinos

- United Council of Churches
- Rabbinical Council
- Law enforcement agencies—at all levels
- Gov. Reubin Askew
- The responsible business leadership of Dade County and the rest of Florida
- Every major newspaper across the state
- Greater Miami Chamber of Commerce
- Senior Citizen Groups
- Archbishop McCarthy
- Tenants organizations
- Many, many other business and family groups

YOUR HELP IS NEEDED TO DEFEAT THIS DANGEROUS THREAT

There are so many gambling dollars being invested to pass this amendment that it will take a maximum effort of concerned citizens to defeat it.

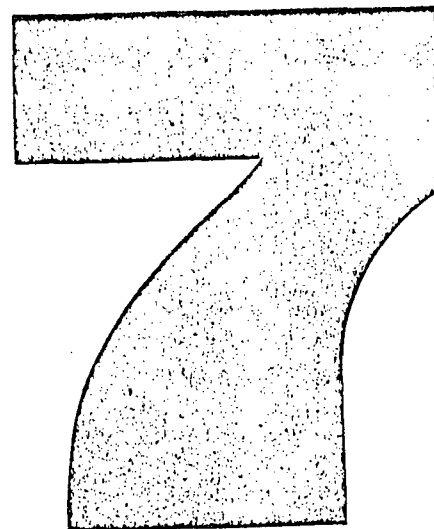
We need you to spread the word. And to contribute your dollars. To volunteer personal help or send money, contact:

"CASINOS ARE BAD BUSINESS!"

A not-for-profit registered committee
1200 Biscayne Boulevard—Suite 100
Miami, Florida 33132
Phone: (305) 374-1800

—We are cooperating closely with the statewide
No Casinos movement led by Gov. Askew.

Paid political advertisement. Paid for by Casinos are Bad Business.
Thomas Bumar, Chairman; James McMahon, Treasurer



REASONS WHY CASINOS ARE BAD BUSINESS

"The single worst thing that could happen
to the State of Florida would be Casinos."

— Gov. Reubin Askew

1 CASINOS INVITE A MASSIVE INVASION OF CRIMINALS

No matter how tightly regulated casinos are, they foster related activities which are uncontrolled, in which the underworld abounds:

Prostitution and loan-sharking activities follow casinos, and are run by mobsters. Also, labor unions are infiltrated and all kinds of hotel & casino supplier firms are muscled in on, and dominated by the underworld.

The Dade County Organized Crime Bureau states:

"There are already 20 organized crime 'families' here. We expect others would move in. There's no way we'll be able to regulate casinos to keep them out of the action."

2 CASINOS WILL HURT OUR VITAL FAMILY BUSINESS

The average Las Vegas tourist stays 2 or 3 days. The average Florida tourist stays 14 days. We've already suffered from the competition of family type attractions elsewhere. Creating a criminally-related gambling atmosphere would keep away family business by the thousands, including the lucrative and growing Latin tourists, who are strongly family-oriented.

3 CASINOS WOULD COST US DEARLY—INSTEAD OF GAINING US EXTRA DOLLARS

The biggest hoax is the casinos' claim about all the tax money they would generate. For even if you accept their inflated figures, the tax dollars would be divided among all 67 counties equally.

Dade and Broward counties would get all the trouble, all the extra expense of added crime and added police protection and less than 2% of the taxes.

These meager taxes would go for schools and police protection. The truth is, the extra dollars for Dade—using the pro-casino figures—would not run the Dade school system even one-third of one day!

And, the cost of added police protection would far exceed the meager 1/67th of the taxes we'd get, to be split further between police and education.

So, casinos would cost Dade and Broward dearly. We would get all the problems, and the rest of the state would get whatever benefits there are.

4 SENIOR CITIZENS WOULD BE HURT BY LESS AID AND HIGHER RENTS

Senior citizens stand to be hurt more than any other group by casinos. Currently pari-mutuel racing accounts for over \$28 million in aid for the elderly in Florida. Federal matching funds double that to over \$56 million dollars. But, pari-mutuel racing will be hurt by casinos. So, senior citizens will get less aid.

In addition, rents will very probably go up, especially in Miami Beach, Hallandale, and nearby areas, where thousands of retirees live on pensions. This has already happened in Atlantic City—so that the poor and the aged have been the first to suffer. Many are having to move out.

The Mayor of Atlantic City, once a pro-casino advocate, now advises that if a community can raise its money any other way, that's preferable to casinos.

So rather than helping senior citizens, casinos stand to hurt this group cruelly—more so than any other.

5 CASINOS WILL ADVERSELY AFFECT OUR QUALITY OF LIFE

Perhaps the biggest thing we in South Florida have to lose is the quality of our environment. We are so blessed with climate, clean air, sports and water resources, and a reasonable moral climate that we would risk polluting all that for the sake of enriching a very few monied interests.

Would you want your children raised in an atmosphere of gambling and prostitution?

—A national study reports that children who grow up in a casino climate develop unreal images of the world and tend to gravitate to less productive employment induced by the gambling narcotic.

Would you be able to assure prospective employees that they could count on a wholesome atmosphere for their family, if they moved here?

Everywhere casinos have sprung up, crime has followed. Along with prostitutes, pick-pockets, muggers, and corrupt characters.

6 OUR FUTURE IS BRIGHTER WITHOUT CASINOS

We are fortunate in having so much going for us now, which casinos could only serve to blight.

South Florida is rapidly developing as:

- An international banking center
- An international trade center
- An international vacation and second home location
- An international center of medicine and health care

Casinos can only discourage all of these great potentials which are now coming to fruition.

Also, tourism is increasing. This summer season was unexpectedly better. And the restoration of beaches, the South Beach revitalization project, the Watson Island major attraction project, and other positive appeals promise to enhance our tourism business—and to help expand it worldwide.

7 LIKE CANCER, CASINOS CAN'T BE CONTAINED

In Las Vegas, Casinos started out in a few big hotels. Today, slot machines are scattered all over the suburbs, they lure food money from all classes, including the poor and underprivileged. And today casinos and prostitution have spread all over the city and well beyond, and increasingly they are preying on the weaknesses of residents as well as visitors.

Once casinos are legalized on Miami Beach, they are certain to spread to the mainland, and probably eventually all over. For once the underworld gets an even stronger foothold, the resultant corruption and unlimited funds can serve to have it extended.



Are
you
ready
to gamble
with
Florida's
future?

Casinos are bad for Florida and for you.

The vote this year is not simply a choice of whether or not to permit casinos to operate here, but a choice of what kind of state we want for ourselves, our children, and our children's children.

We are choosing between a Florida we know will prosper and continue to attract new jobs, or a Florida I believe will damage our current way of life.

Wherever you live in Florida, casinos will cost you money.

Government costs for welfare, law enforcement and general services will go up.

The opportunities to bring new job-producing industries to Florida will go down.

The amount of money available to influence our political process will be unlimited.

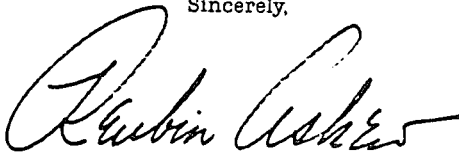
Like casinos themselves, the promoters who stand to take huge profits are promising an easy way out to Floridians rightfully concerned about taxes. But the odds are stacked in favor of the promoters, not the Florida taxpayer.

People often say "My vote doesn't matter. My life isn't affected one way or the other." This year, more than ever, you are voting for your way of life. Your vote does matter. The results can change the way you live.

Our vote for or against casinos in Florida will be a statement to the nation. Let's tell everyone, particularly the handful of promoters who gain the most from casinos, that whatever changing our image is worth to them, our way of life is worth more to us.

We are not for sale!

Sincerely,

A large, stylized handwritten signature in dark ink, which appears to read "Reubin Askew". The signature is fluid and cursive, with a long horizontal stroke at the end.

Reubin Askew
Governor of Florida

**Nine
Reasons
You
Should
Vote**

NO CASINOS
IN FLORIDA



A lower tax bill because of casino gambling is a myth.

The 11 million Floridians of 1990 will be getting a mere drop in the bucket from the gambling tables according to the casino promoters' own figures. When you add on the actual cost to the community of the increased social burden we wind up as losers.

Nevada's taxpayers (with wide open gambling) have a much higher tax bill than Florida's. Floridians pay only \$565.80 per person annually for taxes while in Nevada that tax bill amounts to \$820.32 per person, based on 1976-77 figures.

The casino promoters also promise relief to local education and law enforcement. When you slice their pie in the sky, the piece for each of Florida's 67 counties is very small indeed.

Florida's comprehensive education system and our all important local law enforcement programs are too vital to Florida's future to rely on patchwork funding solutions and the roll of the dice.

It just does not make sense for Floridians to risk a higher tax bill for the promise of a return equal to less than one percent of the total state budget.

NO CASINOS
IN FLORIDA

2 New industries and jobs and casino style gambling do not mix.

At a time when Florida's business, political and civic leaders are pledged to actively seek stable, consistent and productive industry, it makes no sense to also embrace the glittery facade of gambling Las Vegas style.

The high standards of community conduct and the truly outstanding quality of life that have helped make Florida a vigorous and progressive center of international trade and commerce are totally inconsistent with an economy based on the turn of the roulette wheel.

While the proponents of casinos in Florida have made extravagant claims about increased revenues and new jobs, the facts show that each new manufacturing plant locating in Florida invests an average of 5 million dollars in new capital alone—an investment that may be lost elsewhere.

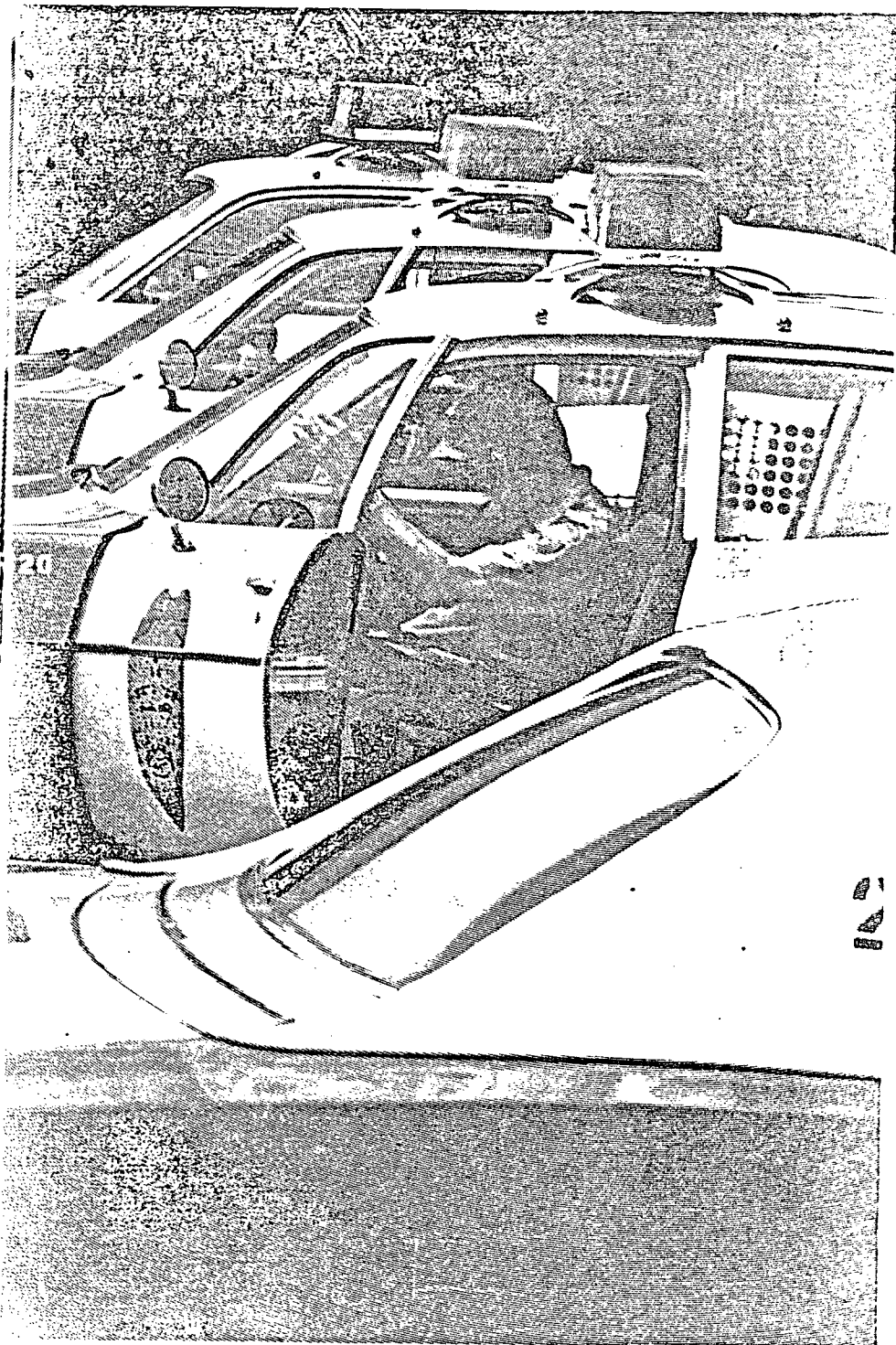
And a reduction in the average tourist stay of only one day (from 13 to 12 days) means a loss of more than \$800 million of expenditures to the Florida economy. This is based on 1978 dollars. By 1990, the loss could be even more staggering.

With the shift to a gambling based economy, Florida's potential for new industry and new jobs will be shattered.

The increased productivity in the Sunbelt States is a prime factor in the relocation decisions of large desirable industries. Casino gambling will only cloud the business atmosphere in Florida.

NO CASINOS
IN FLORIDA





3 The cost of controlling crime will climb.

The pain caused by a senseless act of violence is irreversible. In an atmosphere where values are cheapened, a human life becomes secondary. All that is important is a stake at the gambling tables. To protect our citizens and visitors in this violent climate, we must provide an ever increasing police force.

Not only can we expect the amount of violent crime to increase with the advent of casino-style gambling, but the sophisticated, organized, white collar criminal will have a new source of ready cash.

The out of state experts that will control the casinos know the gambling business far better than any police force in Florida. This advantage in knowledge must be eliminated if casinos are to be regulated. That educational process would be lengthy and costly.

The existing law enforcement agencies, including police, state attorneys, criminal investigators, state and local prisons, and organized crime bureaus, will have to significantly increase their manpower and budgets. It will be the only way the state can compete with the well financed, experienced, out-of-state, skim-artists and strongarm men that will flock here with the casinos.

NO CASINOS
IN FLORIDA

Organized crime flourishes in the casino climate.

Sheriffs, prosecutors, police chiefs and key police organizations throughout the state have opposed casino gambling.

We cannot let the sight of a payoff envelope to the police sergeant become the hallmark of Florida's criminal justice system. And the payoff would not end in the patrol car. Every level of our government, from the elected officials that make our laws, to the judges who interpret them, would be on the shopping list of the mob.

With money skimmed from the gaming tables, organized crime finances loan sharks, prostitutes and protection rackets. This provides the type of leverage used to force legitimate businessmen into illicit activities.

Back in February, Michael R. Siavage, Executive Director of the New Jersey State Commission of Investigation reported: "A classic pattern of organized crime infiltration of legitimate business in Atlantic City has begun." (New York Times Magazine, Feb. 5, 1978)

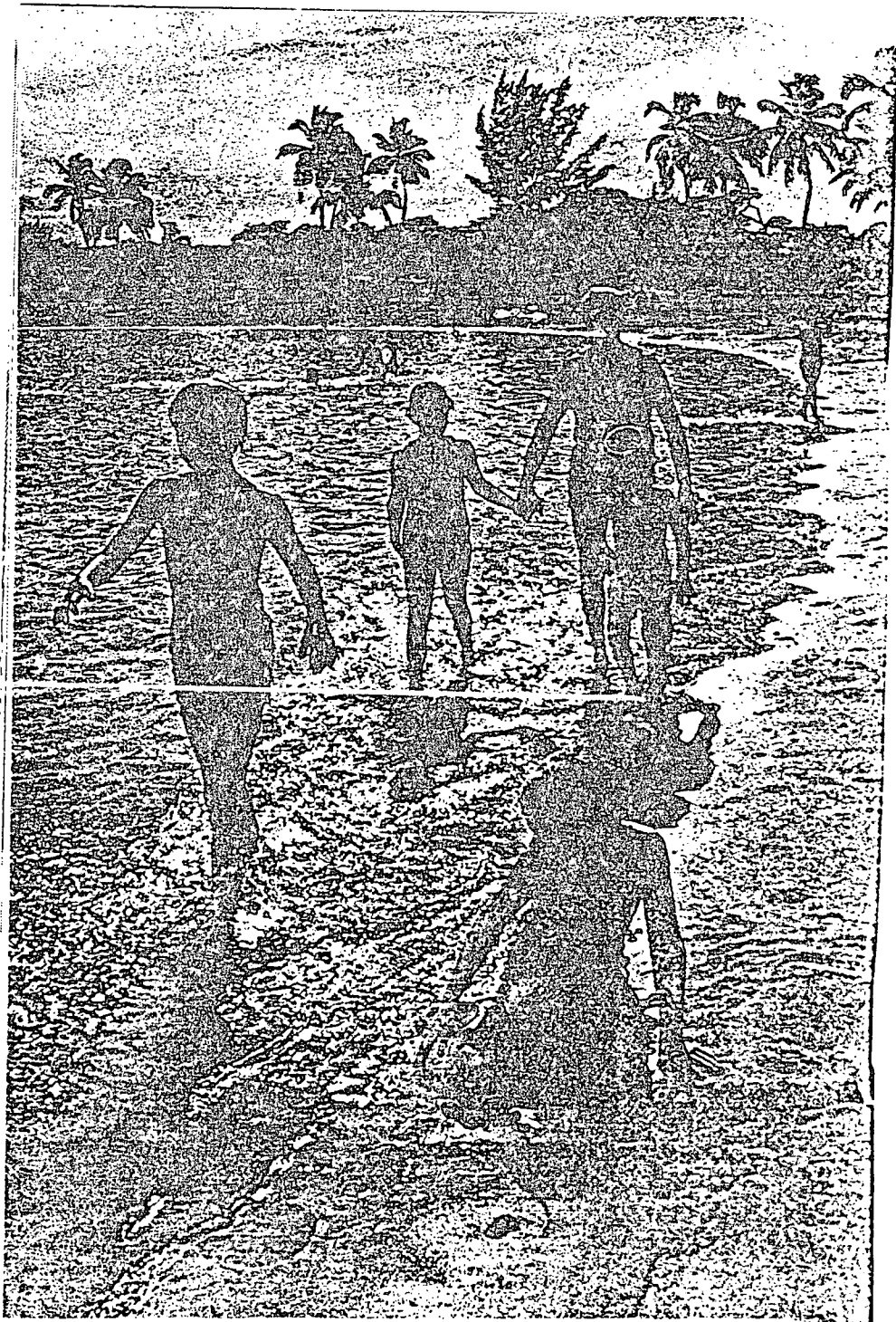
Florida can even expect an increase in illegal gambling if the casinos come here. Elaborate government regulated and taxed gambling centers cannot compete, either in service or return of the betting dollar, with the neighborhood bookie or the floating crap game—which frequently give credit.



"A vote for casino gambling will be a vote to turn this community over to organized crime."

— E. Wilson Purdy
Dade County Public Safety
Director





5 Casinos will destroy the image of Florida.

The choice is between a Florida we know will prosper and attract new jobs or a Florida with casinos but unable to support our outstanding quality of life.

Industry prospects are impressed because we have beautiful weather, no state personal income tax, a stable government and high productivity from our workers.

They will not be impressed with rising crime, law enforcement pre-occupied with watching gamblers, or an economy more and more dominated by low-paying service jobs.

For those already living here the state's image will become one of sanctioned greed. What chance will a concerned parent have in providing examples of desirable social goals and behavior where the dream of something for nothing is a way of life.

Those who seek an atmosphere with high standards for their children will find instead a climate promoting cheap thrills and immorality. Perhaps the Commission on the Revision of a National Policy Toward Gambling said it best, "If, through legal gambling, citizens are allowed or encouraged to make a profit or gain through chance rather than through work, the government may be undermining a basic social tenet."

We have worked hard for Florida to maintain a clean wholesome image. Let's not throw it away.


NO CASINOS
IN FLORIDA

There are fantastic profits to be made from the gambling business but only for the special interest promoters who are currently financing this campaign for wide open gambling.


When the state gets into the gambling business, by licensing casinos, the balanced look at Florida's economy gets tossed out the window. The gambling operators become a special case. Reaping the benefits of the free enterprise system without accepting all the responsibilities. Gambling becomes the most important industry. And the most vocal special interest.

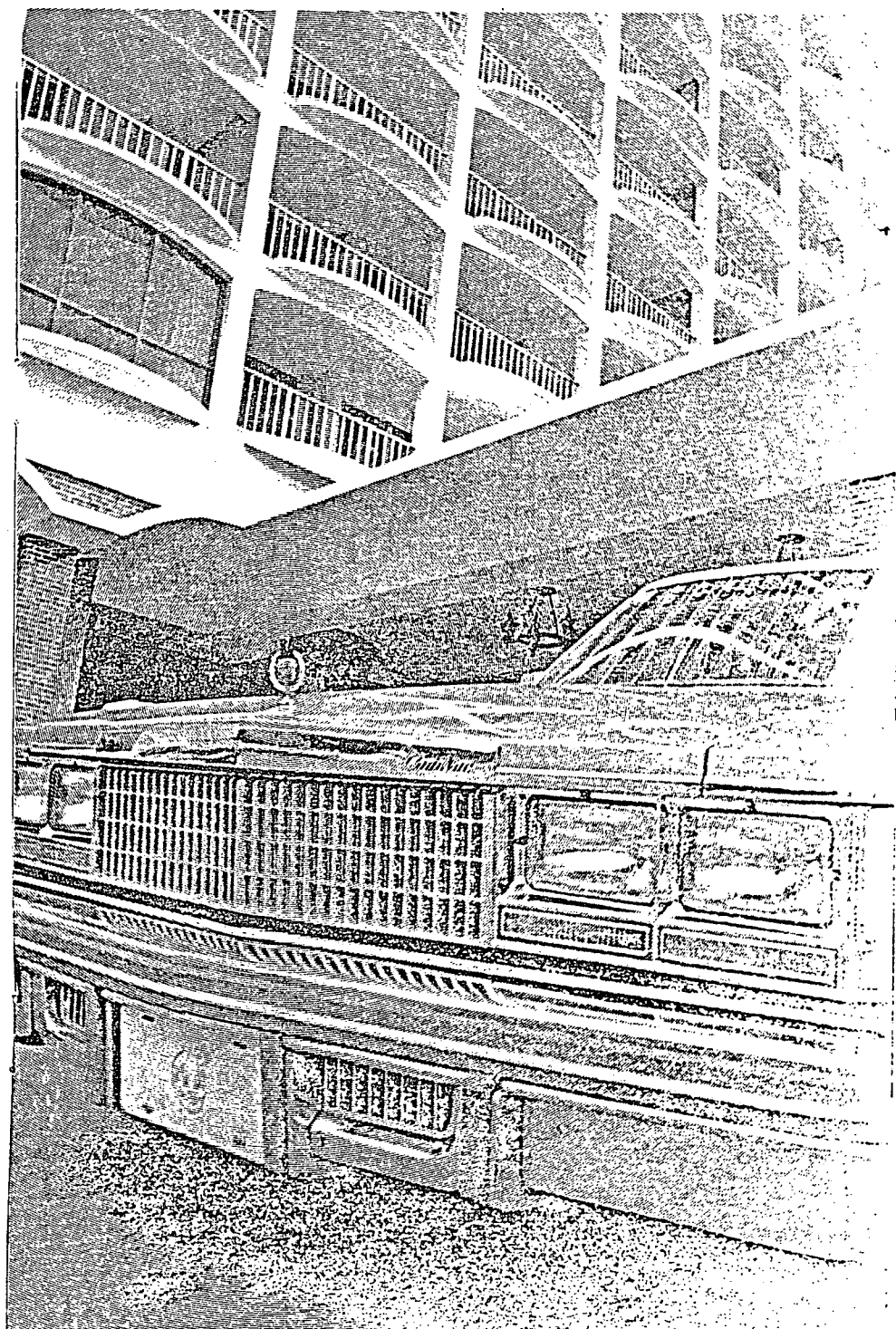
We can expect the windfall profits of some of these promoters to be used to influence local and state politicians.

The Nevada State Journal (Reno) reported on September 28, 1978, that over 50% of the identifiable contributors for both candidates in this year's gubernatorial campaign came from casino sources. "Those percentages are in line with reports that in the past years the casino contributions have amounted to half or more of all money received from outside sources by some political hopefuls."

No wonder we are seeing a massive influx of cash from these special interests to support the same type of campaign that brought Las Vegas to Atlantic City.


NO CASINOS
IN FLORIDA

 **The profits from casinos will only go to a handful of promoters.**



Once a foothold is gained by the casino interest, the pressure on local and state officials will be tremendous. The cry to expand the casino territory will be loud, and well financed.

How will you justify the casino boundary to the failing hotel owner 100 yards away? Wouldn't he have the same right to a casino as his neighbor?

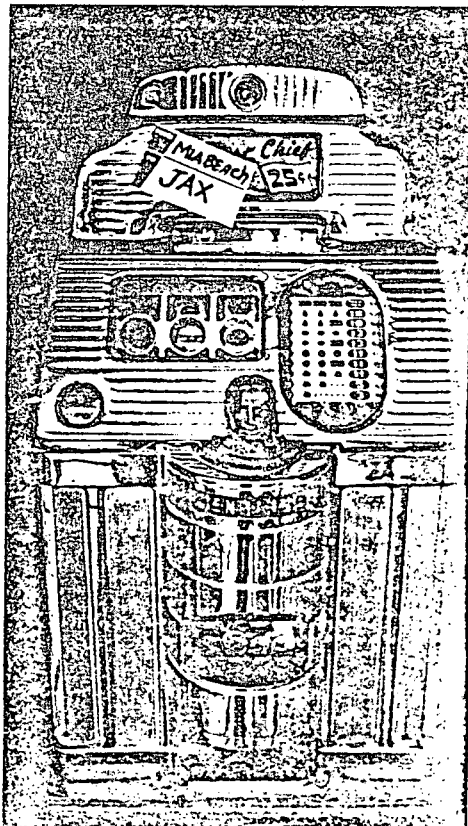
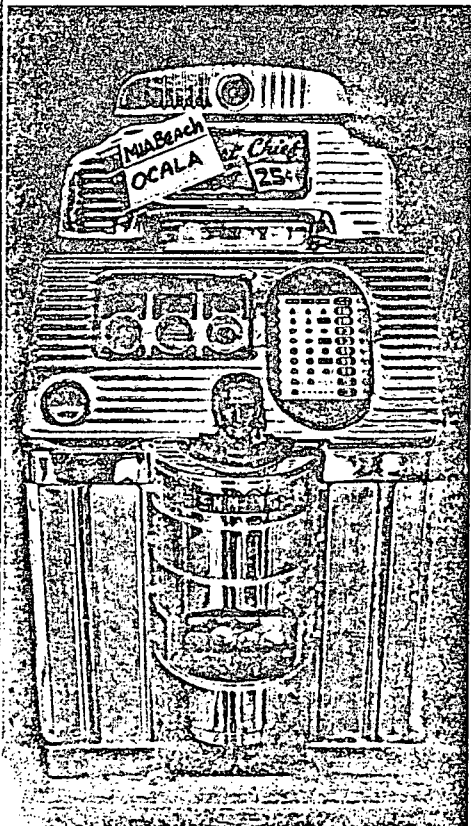
What about the hotel owner in Orlando or Daytona? They would like some of these gambling profits for themselves. Won't they also claim the right to a casino?

The pressures will be persistent and effective.

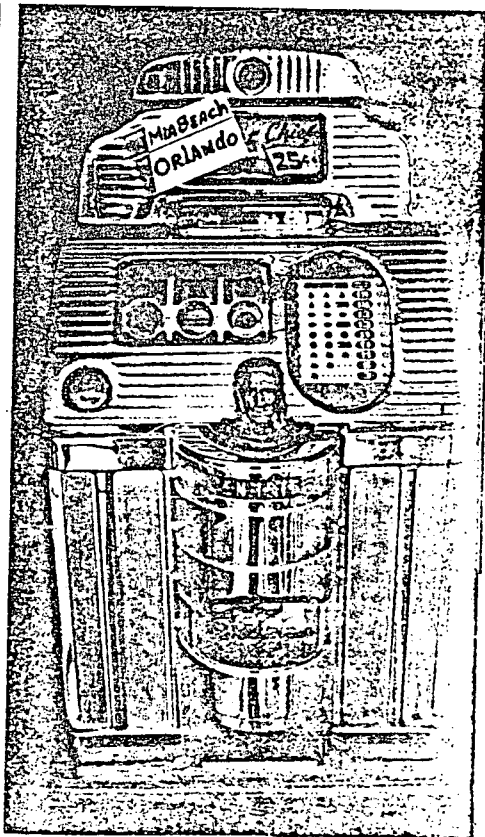
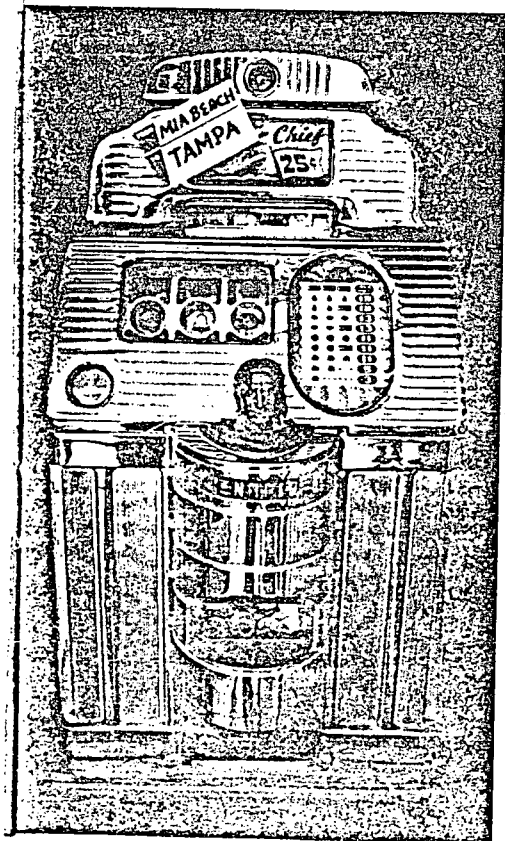
We know how powerful a hold casinos can have on the legislature. In Florida we have already voted them out of the state twice, in 1895 and 1937. Each time delaying tactics, both legal and otherwise, slowed the removal of slot machines for years.

The gambling interests will only be satisfied when there are casinos in every region of Florida, again.

NO CASINOS
IN FLORIDA



**We won't be able to limit
casinos to South Florida.**





8 Casinos will drastically change the lives of Florida's retirees.

South Florida cannot hope to support the gambling lifestyle without changing the structure and priorities of its community. To those on fixed incomes, with little opportunity or interest in moving from their adopted homes, the promise of a wholesome environment, stable community and adequate social services will be shattered with casinos in Florida.

Not only would casinos adversely affect retirees but all residents that live under the gambling shadow. The local taxpayer, with little or no benefit from the casinos, must pay for the increased cost of government required by the presence of gambling.

NO CASINOS
IN FLORIDA



Florida is already the most successful tourist state in the nation.

Florida's dynamic tourist industry coming off a year of record revenues and consistent growth does not need the support of one-armed bandits. We enjoy 3.1 percent of the world's travel and tourists' dollars.

The 31 million tourists we host each year are too important to scare off with the gerich-quick hustle of a casino state.

If this ill conceived plan for wide-open gambling on Miami Beach is successful, the Florida tourist industry will be asked to trade away the family visitors that stay throughout Florida for an average of 13 days. In exchange, we will be catering to the gambling parron who spends an average of four days in the Nevada casinos.

A 1976-77 study for the Las Vegas Convention/Visitors Authority showed that only 20 percent of the tourists visiting the casino center believed Las Vegas to be a desirable place to visit with children.

Why should Florida risk a vibrant, growing, well-balanced economy to support a handful of greedy promoters and their casinos?

NO CASINOS
IN FLORIDA



How Can I Help Stop Casinos in Florida?

In this campaign the casino promoters are well financed and well organized. We can expect a cleverly packaged message of easy solutions and simple answers from those that favor gambling.

If there are to be No Casinos in Florida it will depend on each of us.

By following these suggestions you can be an effective part of our campaign. Remember every vote counts. It will take the combined efforts of every one of us to win this most important election.

Canvass your neighbors.

We have to make sure that every anti-casino vote is heard on election day. Walk door to door in your neighborhood. Find out how others feel about casinos.

If someone is undecided provide them with a piece of our literature (copies of this brochure are available).

If someone favors casinos it may be because they don't understand the issue. Providing them with our side of the story, with literature, can help change their minds.

If someone is against casinos, make sure they vote. Call and remind them just before election day. Help organize rides to the polls or babysitting services. But make sure they vote.

Clubs and Organizations

Have your club or organization pass and publicize a resolution against gambling. (Draft resolutions are available.)

Arrange for a speaker to explain the issue. No Casinos, Inc., is organizing a statewide speakers bureau. Contact our office about the details.

Make canvassing an area project of your organization. The same idea as individually canvassing your neighborhood but with increased manpower.

Wherever you do, remember to spread the word and get out and vote. That is the only way we can win in November.

YES,

I'll add my contribution to the many Floridians who have sponsored this advertisement.

(Send your donation of any size.)

Name _____

Address _____

City _____ State _____ Zip _____

Area Code/Phone Number _____

Please return this coupon to: No Casinos, Inc. • Suite 430 • Lewis State Bank Building • 215 South Monroe • Tallahassee, Florida 32301

Paid for by No Casinos, Inc. • W. B. Sparrman, III, Treasurer
Contributions are not tax deductible for Federal income tax purposes

NO CASINOS

NO CASINOS
IN FLORIDA

APPENDIX J

Interview Subjects

Nevada

Phillip Hannafin, former Chairman, Nevada State Gaming Control Board, now Director of Summa Corporation's Nevada casino operations.

Jack Stratton, member, Nevada State Gaming Control Board.

Shannon Bybee, former member, Nevada State Gaming Control Board, now President of Golden Nugget, New Jersey.

Jeffrey Silver, attorney, former member, Nevada State Gaming Control Board.

Dennis Gomes, former Audit Division Chief, Nevada State Gaming Control Board; former Bureau Chief, New Jersey Division of Gaming Enforcement's Special Investigations Bureau; later vice-president, Major Riddle Enterprises and Silverbird Hotel and Casino, Las Vegas.

Rich Iannone, former auditor and agent of the Nevada State Gaming Control Board; former auditor and agent, New Jersey Division of Gaming Enforcement; later casino manager, Silver City Casino, Las Vegas.

Ron Tanner, enforcement agent and Division Chief, Nevada State Gaming Control Board.

Ernie Rivas, Enforcement Division Chief, Nevada State Gaming Control Board.

Grant Sawyer, attorney, former Governor of Nevada (1959-1967).

Robbins Cahill, former Secretary, Nevada Tax Commission; now Director of the Nevada Resort Association.

Ed Olsen, former Chairman, Nevada State Gaming Control Board; later Director of Public Information, University of Nevada, Reno.

Gabriel Vogliotti, former industry publicist for the Nevada gaming industry; freelance writer.

Frank Johnson, former Chairman, Nevada State Gaming Control Board; former executive vice-president, Hilton Hotel Corporation.

Clyde Turner, former member, Nevada Gaming Commission, now a private accountant.

Milton Keefer, attorney, former member, Nevada Gaming Commission.

Jackie Gaughan, owner and operator of several Las Vegas casinos.

Leo Lewis, gaming industry executive.

Leola Armstrong, Secretary of the Nevada State Senate.

Bryn Armstrong, former executive editor, Las Vegas Sun.

Mel Close, attorney and Nevada State Senator.

Carl Dodge, Nevada State Senator; presently Chairman of Nevada Gaming Commission.

Thalia Dondero, Clark County (Las Vegas) Commissioner.

Mike Pashos, former union organizer, dealers' union.

Bob Weber, union organizer, Culinary and Bartenders local.

Peter Flangas, attorney.

Jeff McColl, former Public Relations Director, Culinary Union, Las Vegas.

Al Bramlet, former Secretary of Culinary Union; later murdered.

Keith Campbell, former member, Nevada State Gaming Control Board.

Harry Wald, executive vice-president, Caesars Palace Hotel and Casino.

Renny Ashelman, attorney.

B. Mahlon Brown III, former United States Attorney for Nevada.

Stanley Hunterton, United States Department of Justice, Las Vegas Organized Crime Strike Force Attorney.

Geoffrey Anderson, United States Department of Justice Strike Force Director.

Sorkus Webbe, counsel to the Aladdin Hotel Corporation.

Jake Noel, securities analyst, Nevada Gaming Commission.

Stu Curtis, research analyst, Nevada Gaming Commission.

Wayne Anderson, research analyst, Nevada Gaming Commission.

Irene Morros, Executive Secretary, Nevada Gaming Commission.

Frank Shreck, attorney, former member, Nevada Gaming Commission.

Ty Hilbrecht, attorney, former Nevada State Senator, member Judiciary Committee.

George Dickerson, attorney, former Chairman, Nevada Gaming Commission.

Bill Campbell, labor relations director, Nevada Resort Association.

Butch Leypoldt, former member, Nevada State Gaming Control Board;
presently security director, Caesars Palace.

Rossi Ralenkotter, Marketing Director, Las Vegas Convention and Visitor
Authority.

Jerome Edwards, Professor of History, University of Nevada, Reno.

Richard Bryan, attorney, Attorney General of the State of Nevada.

Mike Sloan, former Deputy Attorney General, State of Nevada; presently
Nevada State Senator.

Alvin Hicks, former Deputy Attorney General.

Dick Odessky, gaming columnist, Valley Times.

Phil Hevener, gaming columnist and reporter, Las Vegas Sun.

Myram Borders, UPI Bureau Chief, Las Vegas.

Mike DeFeo, former Los Angeles Strike Force Attorney, now chief of the
FBI Kansas City Strike Force office.

Earl Johnson, Professor of Law, University of Southern California,
former head of Las Vegas Strike Force office.

New Jersey

Robert Martinez, Director, New Jersey Division of Gaming Enforcement.

Martin Waldron, New York Times Trenton Bureau Chief.

Jerry English, legislative counsel to New Jersey Governor Byrne.

Robert Marini, majority leader, New Jersey State Senate.

Gayle Mazuco, legislative assistant, New Jersey Legislature.

Wayne Bockelman, legislative assistant, New Jersey Legislature.

Ben Borowsky, Public Information Director, New Jersey Casino Control
Commission.

Michael Siavage, Director, New Jersey State Investigations Bureau.

Joel Sterns, law partner, Sterns and Weinroth, representing Resorts
International.

Sanford Weiner, President, Weiner and Company, political consultant who directed New Jersey and Florida gambling referendum campaigns.

Florida

Tom Bomar, banking executive and chairman of Casinos Are Bad Business.

William Colson, trial attorney and advisor to former Florida Governor Askew.

Jim Krog, political consultant, Allem and Associates, former advisor to Askew, and director of No Casinos campaign.

Ed Markel, partner of Krog at Allem and Associates; political consultant.

Bill Hicks, partner of Colson, and speaker for anti-casino campaign.

Irving Cowen, President of the Diplomat Hotel and a primary financier of pro-casino effort.

Lou Gilland, Dade County Organized Crime Bureau.

Alvah Chapman, publisher, Miami Herald and advisor to former Governor Askew.

Sandy O'Neill, Director of Miami Chamber of Commerce anti-casino drive.

George Volsky, New York Times stringer, Miami.

Jon Nordheimer, New York Times reporter, Miami.

Jay Dermer, former mayor of Miami Beach, attorney and prominent anti-casino advocate.

Linda Elfman, Public Relations Director, Let's Help Florida Committee.

Ron La Brecque, reporter, Miami Herald.

Rich Morin, reporter, Miami Herald.

New York

Albert Formicola, Executive Director, Hotel Association of New York.

John F. Kennan, President, New York City Off-track Betting Corporation.

William D. Swan, Jr., Executive Director, Association for a Better New York.

Bernard Rome, former President, New York City Off-track Betting Corporation.

Gerald W. Lynch, President, John Jay College of Criminal Justice, Chairman of Governor's Advisory Panel on Casino Gambling.

John J. Collins, Director of Community Affairs, John Jay College of Criminal Justice.

Arthur Biegen, attorney, member of Governor's Advisory Panel.

Richard Corbisiero, Commissioner, New York State Racing and Wagering Board, member of Governor's Advisory Panel.

Alfred Donati, Jr., staff member, Governor's Advisory Panel.

Stanley Fink, Speaker of the New York State Assembly.

William Passanante, President Pro Tem of the New York State Assembly.

H. Roy Kaplan, member of Governor's Advisory Panel.

