

## **Free Money Forever! Or: “Know When to Walk Away”**

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My state, like many others, is considering further expanding gambling. Since the state is in awful financial shape, this is not surprising. Unfortunately, it is also not wise. Perhaps it is astonishing to hear the assertion that something promising to deliver massive piles of free cash might not, in fact, live up to its claims. So let us take a good look at what gambling is, and what more of it really means.

First, one thing we should recognize that it is not, is a productive industry. What I mean by this is that, unlike most other industries, gambling does not produce anything, does not create anything, does not add any value or wealth to the economy. Whereas a factory, a restaurant, a farm, a building contractor, a software development firm, or any number of other businesses take resources and labor and construct something new, actually increasing the total amount of value or wealth in the economy, a casino creates no wealth whatsoever. It simply shuffles around existing wealth.

At a time of high unemployment and massive government deficits, what we clearly and desperately need is economic growth. At such a time, shifting significant resources toward, and pinning our hopes on, something that brings about zero real economic growth is exactly the wrong way to go.

“But wait,” you might ask, “how can we say casinos create no economic growth, when we can point to examples of local areas whose financial situation and jobless rates have clearly improved after building casinos?”

The key word here is “local”. There is nothing surprising at all about the fact that opening up a gigantic, well-marketed entertainment complex somewhere will result in a few more local jobs. But casino cash can only come from two places: area residents and visitors. Only one of those sources, the out-of-town guests, grows the area’s economy. What this means is that if you open a casino in one town, that town’s jobs and tax revenues do increase—at the expense of all the other towns. Allow gambling in *every* town, and suddenly nobody is attracting out-of-town revenue anymore, and you’re back to where you started...except that now a larger proportion of the state’s businesses are doing nothing of any real wealth-producing value. States and cities all trying to rescue themselves from massive debt through gambling is just an inward spiral, retreating from the growth of productive enterprise into a “solution” of spending our existing wealth and energy trying to shuffle around the leftover scraps that were generated some other way, deceiving ourselves into believing that if we shift the money over here, or over there, somehow it will add up to more total money.

Will it at least mean more money going to the state? Maybe, but simply sucking a greater share of money out of people’s pockets and into the government’s hands, while the economy remains stagnant, is not a helpful goal in the long term. Economically speaking, it is no different than simply taxing more, because that’s exactly what it is. Building new casinos specifically so that we can tax them is not a clever way of avoiding more taxation.

“But at least,” suggests one commonly-voiced opinion, “patronizing a casino is voluntary, which makes this a less objectionable way for the state to raise money.” It is true, gambling is voluntary, and this takes us into one of the most problematic aspects of such a plan: a state whose income depends in

any significant way on the gambling industry is one whose financial well-being depends on its citizens making poor financial choices.

Put more bluntly, for the state to win, its people have to lose. The more they lose, the more revenue comes in. If we plan to cover our deficit with this kind of thing, then the one thing the state can't afford is its citizens getting wise and failing to gamble away much of their money. For the interests of the state and those of its own people to be so directly at odds is a dramatically disturbing proposition. This conflict of interest is a major problem for every version of expanding or maintaining gambling, but it can become even more severe depending on the form things take.

One of the recurring proposals in the state of Illinois is the idea of a city-owned casino in Chicago. Surprisingly, in all the arguments over gambling expansion, this particular notion has stirred up relatively little controversy, even though it is the most problematic piece of all in the various expansion plans. Perhaps this is because, on the surface, it simply sounds like a more efficient means of raising government revenue from casino operations. Eliminate the middle man (the owner), and then all the house's winnings go straight to covering budget shortfalls. But taking the time to consider what this really means should leave us horrified.

What it means is that our government would be directly in the business of marketing and selling get-rich-quick schemes to its own citizens. It means that our tax dollars would support—in a city government that is supposed to be there for our benefit—entire departments devoted to convincing us of the make-believe universe in which winning large sums of money is common. It means we would be paying to feed ourselves, our neighbors, and our children a continuous diet of radio and television imagery designed to make stupid financial decisions look as sexy, as exciting, and as appealing as possible.

Do we really want to create this state of affairs? Will we now spend our state dollars supposedly educating students in their math classes about the truths of odds and statistics, in their home economics courses about wise budgeting and careful saving...and yet every moment they are out of school submerge them in likewise-taxpayer-funded advertising persuading them, through much more alluring, emotional appeals, of the exact opposite notions of what is a good idea? Are we going to encourage adults to keep trying and working hard, to go to the employment agencies, to sign up for college courses or earn their G.E.D.'s at the cost of much time and long effort on their part, in order to be productive and earn for themselves a living...and also make them look, every day as they walk out of those agencies and classes, at billboards on which we tell them there's a faster, easier way, that they can change their lives in an instant simply by winning big over at the casino?

Which one of those conflicting messages do you think will be more attractive and successful? You and I will be paying to employ experts whose job will be to make sure it is the latter, that the artificial glamour of paying people to take your money away from you is enhanced enough to outweigh whatever sensible ideas people might have absorbed from their high school teachers. It has to. This entire scheme of paying our way with gambling revenue depends on it.

In fact, sadly, we already have started down that road. The state lottery is an excellent demonstration of why covering our costs with gambling is a terrible idea. If you let your opinions about it be formed mainly by advertising paid for by the lottery itself, you might think it is a beneficent

institution whose only effects are making people rich and paying for schools. But do you know where that money comes from?

Have you ever walked into a convenience store and seen who is buying most of those lottery tickets? I don't mean the person who buys a single ticket occasionally, I mean the one who comes in every day or two and drops \$10, \$15 or more. It isn't the rich guy who has a BMW out in the parking lot, blowing a little extra cash on some fun. It's the guy who is clearly down on his luck, taken in by the belief—the belief we're devoting huge marketing budgets to convince him of—that luck will be his way out, and so he's in there spending what amounts to a sizeable portion of what he likely earned that day on a few worthless, scratch-off pieces of paper that will be in the garbage within minutes. This isn't just my personal, anecdotal observation. If you sort lottery sales figures in Illinois by ZIP code, you find that the top sales are consistently in low-income areas.

This reveals that whatever we may be trying to fund this way, we're doing it on the backs of the people least able to afford it. This breaks my heart to see, and we should be eliminating the government's involvement in that business, not expanding it. There are a lot of people who believe the state should be taking steps to redistribute wealth, from the hands of the few rich into the hands of the many who are not as well off. Whether or not one agrees with this notion, I think it is safe to say that the government certainly should not be working to redistribute wealth from the many poor into the hands of a few rich. And that is practically the definition of gambling: few winners, many losers. It can't be otherwise; if it were, a casino or other gambling operation wouldn't be profitable at all.

We also need to recognize that, though gambling is not a productive industry, it is a transformative one. I am proud of being from a state like Illinois, and from a region like Chicagoland, from a place that works for a living, rather than predicating its entire economic existence on people trying to get something for nothing. I'm glad that the ethos of this place is largely one of making things happen, of doing real things, where the dominant mentality is not the pursuit of the easy money and endless dreams of winning it big. Where people say, "Working this overtime is going to pay for my new deck," not, "I came here to win the cash to pay for a new deck, and if I stay here for just a few more hours, I think I can make back all the money I lost." Chicago isn't a gambling type of town, nor Illinois a gambling type of state, and I don't want to see them become so.

I don't want to see us give up on productive investment and labor, and start putting all our eggs in the basket of feasting on existing wealth rather than creating new wealth.

I don't want to see the state become addicted—because we all know that once a source of revenue is established, it is more or less forever—to money that comes to a disturbing extent from already impoverished people, or to spend our tax dollars giving personal financial foolishness a sexy image.

I don't want the "gaming" mentality to become dominant here as an everyday way of thinking about life.

I don't want the type of sleazy businesses and people that sprout up around centers of gambling to take root here.

I don't want our economy transformed into the sort that is excessively dependent on secondary economic activity, like gambling and tourism, rather than primary activity such as producing things and

ideas, thereby attaching the financial health of our schools and infrastructure to the extreme boom and bust cycles you see in places where all the income is based on people's luxury spending, which dries up in hard times. (Remembering, of course, that the only countering force, any extent to which gambling doesn't dry up in difficult times, relies entirely on the fact that people undergoing financial hardship will turn to desperate, far-fetched solutions.)

Why would we want this? There really is only one reason we are thinking of going down that road at all: revenue. But is revenue really to be treated as a trump card, so to speak, which instantly defeats all other considerations? But it will bring in money! Anything, if it will bring in money!

I think not. If I get myself into some personal financial difficulty, is an okay way of solving that for me to go into all the poorest neighborhoods and do my best to talk people into putting their money into shady investments I've come up with, selling them on tempting visions of profits, but with a near-zero chance of actually even making their original money back? If this is sketchy, unethical behavior for an individual, is it somehow less sketchy and unethical for us to do this as a state? Does it become a less shameful way of making money when we turn the practice from an individual hustle into a systematic one, throwing the official weight of the state behind those too-good-to-be-true promises and making them into an industry, then making the financial survival of the state dependent on that industry?

I cannot support that use of my government. I cannot support the state being in a business where its success is, quite literally, its own citizens' losses. The state should be looking out for the interests of people in tough situations; it should be protecting them from those who want to take their money from them with nothing except false hope to deliver in return. It should certainly not be jumping in and taking part itself, not only offering, but actively promoting the idea that they can get a leg up by risking their money in the hopes of striking it big.

We should be looking to reduce and eventually eliminate gambling as an industry, not expand it. The whole idea is a disaster. Gambling does not build economic wealth, it just rearranges it. People buy less of some other form of entertainment, or save less, or put fewer of their dollars in investments that return something. The jobs a casino "creates" in one town are just replacing the other jobs it destroys, when the restaurants and theaters and bowling alleys in the other towns lose their customers to the flashy new casino. In fact, once you get enough of them, a significant portion of the revenue of additional casinos simply comes from taking away business from existing ones. I know some people hope to go really big, and draw all kinds of revenue from other states, but this is just a race to the bottom, each state undermining its own future, by drawing investment away from fruitful industries and toward gaming, just to try and make sure other states don't get there first.

These decisions are being made now. Many of our representatives in government are, right this very moment, seeking to approve more and more casinos, authorize online gaming, add slot machines in numerous locations, and put video poker machines everywhere, thereby massively enlarging the portion of our economy devoted to gambling. But a state that already has substantial problems with public corruption really does not need to get further in bed with an industry with a shady history, one whose very business is selling false promise. It is up to us to decide whether that is what we will be about. Will we let mistaken notions of gaming as a magic source of endless money at no cost override our desire for

ethical and fair government behavior, take priority over our concerns about transforming our local culture and identity, and prevail over wiser choices for long-term statewide economic health?

If we want to do otherwise, then we need to share these very real concerns with our communities, with our legislators and governor. We need to make it known that there are very good reasons for opposing the expansion of gambling, and especially any version of this that includes the morally appalling idea of government-owned casinos. As I write this, there is yet another effort underway to push more gambling through the Illinois legislature in a big rush in the next few days, something which recurs regularly. Deficits inspire panic, and panic inspires ill-considered action.

Gambling sounds, on the surface, like an easy way out, but like most easy ways out, it doesn't stand up under scrutiny, and turning our state into one whose economy relies upon it to any appreciable level would be short-sighted and damaging. We need to move toward a sane, honest, straightforward way of taxation that matches our spending, and spending that matches our taxation, not jump on board tempting, but ultimately harmful, "free money" schemes to fund our annual budget. We have accumulated enormous debts, from years of foolish decision-making. We should not expect that there *is* an easy way out. Let us not make yet more foolish decisions in a gullible pursuit of instant, magic solutions.