

# Gambling the budget



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Gov. Fortuño's proposed budget for fiscal year 2010-11 includes three extraordinary measures to increase general fund revenues: a new tax enforcement program, which is expected to yield \$241 million; a program to allow property owners to self-assess the value of their real property, which is expected to bring in an additional \$89 million; and a proposal to legalize "adult entertainment machines," which are estimated to produce some \$220 million in new revenue.

An adult entertainment machine is a euphemistic, vaguely pornographic-sounding term for a video slot machine. Now, it seems curious that the current administration, which prides itself on promoting values and whose cabinet members often engage in ostentatious public displays of religiosity, is proposing to close a budget gap by fomenting gambling, which is, simply put, a vice.

Proponents argue that gambling on these machines is currently taking place and that it will be better for all if the state steps in to regulate the activity, while incidentally taking a cut of the action to reduce the budget deficit. The problem with this argument is that its brutally utilitarian calculus could be used to defend the normalization of almost every illegal activity. For example, there are people today selling and using crack cocaine. It would certainly be better for all involved — traffickers, dealers, users, and the police — if the state regulated and normalized the activity. However, it should not be surprising that the general public tends to reject this kind of amoral utilitarian justification for public policies.

The regulation argument is also hypocritical, because it is based on a residual moral disapproval of gambling that its defenders officially reject. While the pro-gambling crowd claims that people should be free to determine the moral status of gambling for themselves, they also simultaneously argue for tight government control over the activity. Presumably, the number of machines will be set by law and strict "corruption-proof" licensing procedures will be put in place. In our view, however, libertarian advocates for gambling cannot have it both ways. If gambling on adult entertainment machines is, like selling hamburgers, a morally legitimate business, then why should it not be open to any private enterprise that wants to engage in it? If on the other hand, gambling is, like prostitution, a morally objectionable business, then why should the state allow it at all?

Other advocates argue that this is a relatively painless way of raising revenue to pay for important public services without raising taxes. Unlike taxes, gambling is a matter of choice, not coercion, and those who object can simply abstain from playing. It is not clear, however, that gambling on these machines will be a purely voluntary activity. In fact, for many people gam-

bling is not the free, voluntary choice its promoters claim. We should not be surprised if we read news reports in the near future about people gambling away their grocery money on these machines. Which begs the question: should the government be swelling the ranks of compulsive gamblers to pay for its past profligacy?

Another problem with this argument is that it assumes all social sectors will be affected equally by this measure. Yet I really doubt we will see any of these machines in commercial establishments located in the posh districts of Condado, Miramar and Guaynabo City. I believe it is extremely unlikely that the expensively manicured hands of the ladies that grace the social pages in the island's newspapers will be pulling the levers on these slot machines. It appears a lot more probable that we will see these machines in bakeries, bars and cafeterias located in low-income and working-class neighborhoods. Perhaps, they will be conveniently located close to the check cashiers, pawn shops and small-loan companies that constitute the "alternative" financial system that serves these communities. The point is that this "painless" alternative to taxation is a sharply regressive way of raising revenue. To put this in perspective, the \$220 million government seeks to raise is equivalent to increasing the sales and use tax from 7 to 8 percent, to be paid by the poorest amongst us.

Worst of all, this policy constitutes a form of civic corruption. According to Michael J. Sandel, professor of government at Harvard, state sponsorship of gambling sends "a message at odds with the ethic of work, sacrifice, and moral responsibility that sustains democratic life ... it degrades the public realm by casting the government as the purveyor of a perverse civic education." Now, should the public idly stand by and allow this corruption of the public sphere because we need the money to balance the budget?

This question points to a larger shortcoming in our public discourse. As historian Tony Judt has stated in his recent book "Ill Fares the Land" (Penguin, 2010), "for the last thirty years, when asking ourselves whether we support a policy, a proposal or an initiative, we have restricted ourselves to issues of profit and loss, economic questions in the narrowest sense ... we no longer ask: Is it good? Is it fair? Is it just? Is it right? Will it help bring about a better society or a better world?" In the case of adult entertainment machines the answer is a categorical, unqualified no to all of the above.

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