

# State-Run Lotteries: An Economic Loss

By David Cox

Recently many people have discussed the merits and faults of legalizing State-run lotteries in Arkansas. Supporters—most notably, Lt. Governor Bill Halter—claim that implementing State-run lotteries will bolster Arkansas' economy by increasing the number of college graduates living in the state. However—when examined more thoroughly—it is quite clear that State-run lotteries are nothing more than predatory forms of gambling that are extremely detrimental to a state's economy and citizens.

Lottery-proponents tout additional college graduates as the primary benefit of State-run lotteries. While it is true that lotteries can provide some level of funding for college scholarships, the fact of the matter is that no legislation can retain graduates who attend college on the lottery's dime. Unless Arkansas' economy can provide adequate jobs to attract and sustain a college-educated workforce, graduates will leave Arkansas for states with better economies, better jobs, and more economic opportunity. The bottom line is that without a strong economic foundation of diverse businesses, industry, and attractive jobs, Arkansans will simply use lottery-dollars to educate students for another state's workforce.

But what about the millions of dollars lotteries produce? Where do they come from? Lottery-proponents speak as if lotteries “create” money out of thin air. Let's be rational: The truth is that the lottery cannot create money—only the Treasury can do that. Like any other gambling entity, lotteries only move money from one person to another. In this instance, lotteries take money from everyday Arkansans, and move it into the State's coffers. From there, the money is ultimately at the State's disposal; no constitutional amendment can effectively regulate state financial policy, and nothing is going to keep lawmakers from abusing the government's additional income provided at the lottery-players expense.

On this topic of lottery-dollars and their usage, Lt. Governor Halter claims that State-run lotteries could provide as much as \$100 million for college scholarships annually. However, in order live up to that promise, Arkansas' lotteries would need to pull some \$300 - \$400 million from the local economy every year. The reason? At best, lottery programs in other states can only afford to earmark 25%-30% of their proceeds for the scholarships they fund. This means that every year, Arkansans would see hundreds of millions of dollars withheld from state and local economies by lotteries—millions that might otherwise have been spent on groceries, clothing, gasoline, housing, or the many goods and services offered by our local businesses. This will put a severe drag on Arkansas' economic growth as players lose more and more money on lottery tickets.

In conclusion, State-run lotteries are a net-loss for citizens, because they amount to nothing more than economic deadweight that—without a budding workforce and strong economic foundation—only hampers economic potential. State-run lotteries cannot deliver on their assurances of growth and development, because they merely sap hundreds of millions of dollars from the local economy. They cannot improve a state's workforce, because they do nothing to increase job opportunities for college graduates. In the end, State-run lotteries—much like the games themselves—amount to nothing more than a tangled web of empty promises substantiated by nothing more than extravagant marketing and shattered hopes—the only winners being the showmen manipulating the charade.

I say we keep Arkansas lottery-free.

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