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GAMBLING, ROBIN HOOD, AND ECONOMIC DEVELOPMENT

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Louisiana politics has a long tradition of claiming that the key to economic development lies in taxing the rich or seizing their property and redistributing the proceeds to the poor. This tactic clearly has immense appeal since it offers such a simple and straightforward formula for raising the living standards of the poor, and is reinforced by the charming fairly tale of Robin Hood and his band of merry men. It is and should have remained just that -- a fairly tale -- because as virtually every student of economics knows it is production and not confiscation/redistribution that is the key to economic development and improved living standards. However, the appeal of the Robin Hood myth is so compelling that from time to time it surfaces in the public discourse in the form of strong recommendations promoting economic development by opening venues for gambling casinos.

There is for sure strong opposition in many quarters to hitching economic development to the engine of gambling on grounds that gambling is an immoral, sinful enterprise -- the work of the devil -- and brings with it some seedy and undesirable characters. Without implying anything untoward about that position or the persons and institutions that espouse it, we would like to offer another view from economics that argues against the establishment of gambling casinos.

In the early 1960s the very highly regarded development specialist Barbara Ward¹ identified four revolutions that differentiate rich nations from poor nations in which these revolutions have taken hold in nations that are rich but not in nations that are poor. The four revolutions are: (1) the biological revolution that brings with it the benefits of modern medicine and public health; (2) the intellectual revolution that substitutes hard work and reason for the mystery and magic that is characteristic of tribal societies; (3) the political revolution of equality that replaces the hierarchical order of king, warrior, and landlord of tribal and class society all of which subordinate the merchant with one in which the young do not have to wait their turn to express their ideas to the elders; (4) the scientific-technological revolution in which the physical matter of the universe is manipulated by the human intellect to better provision human needs and wants, and in which savings are accumulated to build the infrastructure necessary for economic development.

Two of those four revolutions are relevant to the issue of using gambling to foster economic development. First, gambling reverses the intellectual revolution in that it promises the

¹ See Ward's *THE RICH NATIONS AND THE POOR NATIONS*, New York: W.W. Norton, 1962, pp. 40-41.

gambler that riches derive from luck, the roll of the dice, rather than reason and hard work. Casinos play off the gambler's misguided belief in the Robin Hood myth to the effect that something can be gotten with much fun and little effort. The overwhelming evidence is that gamblers lose and the casinos are enriched. In what amounts to a truly ironic twist casino gambling along with the lottery are promoted to the general taxpaying public on grounds that the state revenues generated from those sources are dedicated to education! Gambling, in other words, is sold to the public as supporting the intellectual revolution when in fact it is undermining that revolution.

Second, gambling attacks the scientific-technological revolution in that it siphons off the personal savings of gamblers that otherwise could be used to energize genuine economic development, especially high-tech economic growth, when driven by bright and inspired entrepreneurs. In effect instead of meeting human needs and satisfying human wants through economic enterprises that sell something of real value for the money that the consumer gives in exchange, casinos exploit a basic human weakness by promising a huge payoff and then confiscating the savings of gamblers, providing nothing of substantial value in return.

If we don't bury the Robin Hood myth and pursue the difficult task of promoting economic development through hard work, reason, and savings, we may find ourselves buried by the very casinos that thrive on the false promise of that myth.

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