

Slot Machines Can't Save Maryland's Budget

by Lawrence K. Freeman

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Over halfway through the 2003 session of the Maryland State Legislature, the state is no closer to finding a solution to its \$1.3 billion budget deficit, than when its legislature convened in January. Gov. Robert Ehrlich (R) and his staff have pulled out all the stops to blackmail and strong-arm the nearly 200 state legislators, and local government leaders, to support his immoral introduction of 10,500 slot machines at the Maryland horse racetracks. The first Republican elected governor of Maryland in decades, Ehrlich has been paraded nationally by the Republican Party as a winner with the strategy of using gambling revenues to fill the budget shortages of desperate states—"slots for tots," as Ehrlich's team puts it, as they assert that education budgets would be met by gambling revenues.

Not all legislators are falling over themselves in greed to get a piece of the slot money pie for themselves and their districts, but even the moral opposition led by House Speaker Michael Busch has offered nothing more than an increase in taxes as an alternative. Only the Youth Movement of Democratic Presidential pre-candidate Lyndon LaRouche, whose youngsters have made several forays into the capital, Annapolis, is providing a viable response, in these times of economic depression, to both failed approaches.

Thus far, no agreed-upon legislation has been introduced, as intense haggling between competing interests continues. But the one thing they all agree on—as they scramble like seven piglets to get at the sow's six teats—is they want a "take" of the hundreds of millions of dollars expected to come from the one-armed bandits, which will operate 24 hours a day, 7 days a week, and whose main patrons will be the poor who hope to strike it rich.

Ehrlich Demands Slots or Cuts

As Ehrlich has kow-towed to the horse-racing interests in the state—who are counting on the slots to revitalize their dying gambling business and to line their pockets with billions in the years ahead—the governor has promised to use the proceeds to fund education, and intends to somehow also reduce the budget deficit. Unfortunately, many black leaders, instead of objecting to this new form of regressive

taxation especially of their indigent constituents, are going along with this corruption, seeing dollar signs flashing before their eyes.

In a departure from usual practice, Governor Ehrlich and Lt. Gov. Michael Steele testified in front of the House Ways and Means Committee at hearings for slots-legalization legislation at the end of February, where Ehrlich's personal heavy-handed tactics were obvious for all to see.

Speaking before legislators on March 1, Governor Ehrlich vowed to save horse-racing and its "culture"; of course he has been supported by the Jockey Club set from the beginning—and by President of the Senate Thomas Mike Miller, who has also received several hundred thousand dollars from racetrack owners, and who supports the introduction of slots. Ehrlich threatened all jurisdictions of the state with cuts in their necessary programs, announcing he will veto any legislation for an increase in taxes. He demanded in no uncertain terms that lawmakers either pass his legislation, or they will have to endure the pain of \$2 billion in cuts from a \$20 billion, two-year budget.

The ugliest threat had to do with the future of education for the poorer jurisdictions, which are grossly deficient in school funding. State Superintendent of Schools Nancy Grasmick prostituted herself for Ehrlich by exclaiming that "poor and minority children would suffer without revenue generated by slots." Speaking before the Senate Budget and Taxation Committee and the Legislative Black Caucus, Ehrlich reiterated Grasmick's disgusting remarks, by again threatening that there will be no help for education in poor districts without support for his slots legislation.

How Big Is That Pie?

One of Ehrlich's selling points in the beginning, was that he would allot 64% of the proceeds from the slot-machine gambling to the Maryland treasury to fund education. Maryland already funds a portion of its education budget through the widespread use of a state lottery. Dependence on gambling has become a "traditional" method for funding education—gambling on the future and losing.

But the racetrack owners, represented by the De Francis family and others, were not satisfied with their 25% the slot-machine take (the other 11% was to go to horse breeders and local governments). On March 5, Governor Ehrlich held a late-night news conference, to announce he had "re-adjusted" his slots money shares, making drastic changes in favor of the racetrack owners, and stiffing "the tots." The *Baltimore Sun* reported that Ehrlich's revised bill would reduce the schools' share of the money from 64% to 44%, and increase the track owners' share to 44%, giving them an additional \$350 million. Moreover, the upfront fees that track owners pay the state, were reduced from \$100 million to \$40 million per track. These fees, claimed earlier to total \$350 million, will be only about one-third that much: Thus, the anticipated immediate reduction of this fiscal year's budget deficit is out the window



Maryland Governor Ehrlich's dismal path to the degradation of having 10,000 or more slot machines at race tracks, with the personal bankruptcies and addiction this will bring, is turning out not even to plug a hole in the state's sinking budget. At right, the LaRouche Youth Movement greeting Maryland legislators and aides in Annapolis with the alternative that will work—a "Super-TVA" policy.

as well. The beneficiary of Ehrlich's proposal is becoming clear: the racing and gambling "industries."

Worse, black elected officials, who insist on joining track owners and Ehrlich in the mud, are threatening to hold up the legislation unless they get a larger slice of the pie, arguing that, after all, it is predominantly poor blacks who actually gamble (and lose) their money at the Rosecroft and Pimlico horse racetracks. They also want to use the introduction of widespread gambling to gain increased minority participation in vending and other contracts related to the operation of slots.

Finally, studies have emerged which indicate that tens of millions of dollars will have to be spent on infrastructure to maintain the neighborhoods where desperate citizens will be using the slots "24/7." Parking, roads, and other facilities will have to be upgraded to handle the increased traffic around the tracks, for example. This is why several different pieces of legislation for slots are circulating simultaneously in Annapolis.

Governor Ehrlich is also rejecting Baltimore Mayor Martin O'Malley's request for \$65 million over several years for infrastructure repairs necessary to handle the traffic flow at Pimlico Race Track. According to O'Malley, an annual expenditure of \$9.3 million is required, but the expense would absorb almost the entire allotment to Baltimore.

LaRouche Has the Alternative

The LaRouche movement in Maryland has refused to accept the fixed rules of this sordid game, where the only apparent choices on the table are legalization of slots, budget cuts, or raising taxes. LaRouche activists have been discussing with

legislators a return to the approach to generating jobs and revenue practiced by President Franklin Roosevelt, and advocated by Lyndon LaRouche in his proposed "Super-TVA" policy today.

Candidate LaRouche outlined his solution to the economic and financial crisis facing the country, when he appeared on the Bev Smith national radio program on Feb. 26: "We're now a bankrupt nation. But we could, using the same methods employed by Roosevelt—the Constitutional methods he employed—we could launch Federal programs which would deliver credit to states, and to certain Federal projects. These programs would be devoted to things like rebuilding power generation and distribution, water management, general transportation, including saving our railroad system and air traffic system, and education and health care. We could set these programs into place. We could create employment to bring this system back into balance. We could proceed from that with a rebuilding program, the way Roosevelt did, during that period of '33 through '44-45. And that's what I've proposed."

Maryland, like at least 45 other states, is in the red. With the meltdown of the so-called new economy, the IT sector, and the Nasdaq, the fictitious profits that kept state budgets alive disappeared, revealing the underlying bankruptcy of the national and state economies. As all the other various schemes to find new sources of revenue fail, LaRouche's alternative to get us out of the depression will gain momentum in state legislatures around the country, as it already has in Arkansas, where LaRouche addressed state leaders at the end of February.