

ALL IN A GOOD CAUSE?

THE CASE AGAINST A NATIONAL LOTTERY

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CONTENTS

Preface

1. Background to the National Lottery Bill

- 1.1 Changing attitudes to lotteries
- 1.2 The National Lottery etc. Bill
- 1.3 Lotteries in other countries

2. Economic Questions

- 2.1 More money for good cause
- 2.2 The amount raised
- 2.3 Shifts in expenditure
- 2.4 Consequences for the Football Pools
- 2.5 The effect on charities' incomes
- 2.6 The potential decline of government funding
- 2.7 Regressivity of taxation

3. Social Consequences

- 3.1 Promoting gambling and misleading consumers
- 3.2 The growth of problem gambling
- 3.3 Chance ideology or work ethic?

4. Values and the National Lottery

- 4.1 Concern for the weaker neighbour
- 4.2 Productive work
- 4.3 Responsibility for dependants
- 4.4 Generosity
- 4.5 Rest and recreation
- 4.6 Contentment

5. Conclusion: summary of case against the national lottery

Bibliography

Preface

The Lottery, with its weekly pay-out of enormous prizes, was the one public event to which the proles paid serious attention. It was probable that there were some millions of proles for whom the Lottery was the principal, if not the only reason, for staying alive. It was their delight, their folly, their anodyne, their intellectual stimulant. Where the Lottery was concerned, even people who could barely read and write seem capable of intricate calculations and staggering feats of memory. There was a whole tribe of men who made a living simply by selling systems, forecasts and lucky amulets.¹

Raising extra monies for good causes is clearly a laudable goal. However, enthusiastic claims of large amounts of money painlessly raised have too often over-estimated the benefits and under-estimated the costs. This report draws on a range of secondary sources to provide a summary of the arguments surrounding the introduction of a national lottery and highlights their ethical implications.

The experience of lotteries in other countries, and research into the likely impact of a national lottery here, all indicate the possibility, or even probability, of severe social and economic costs. Differences between countries in the structure of their lotteries, other opportunities for gambling and social attitudes mean that the experience of one country will not necessarily be replicated in another. Nevertheless, these arguments illustrate the potential dangers of a lottery and should not be ignored. Otherwise a policy which seeks to benefit 'good causes' could prove to be to their detriment.

¹George Orwell, 1984, quoted in Clotfelter,C and Cook, P. *Selling Hope*, Harvard University Press, 1989

1. Background to the National Lottery Bill

1.1 Changing attitudes to lotteries

The first recorded lottery in England took place in 1569 mainly to raise money for the Cinque Ports. Over the next hundred years, various lotteries were promoted for public or semi-public causes, for example to bring fresh water to London or for poor and maimed soldiers. They were always regulated by the state, control passing from the King-in-Council to Parliament by 1698. From that year, all lotteries had to be authorised by Parliament, since the privately-run lotteries had led to scandals. By 1776, a state lottery had become an annual event, but at the same time there was increasing opposition to it on the grounds of the corruption which surrounded it and more particularly because of the attendant social evils. In spite of a highly critical Select Committee report of 1808, the lotteries were still held but were eventually discontinued in 1826.

Since that time, the State's attitude towards gambling has been one of disapproval coupled with limited permission. The Royal Commission on Lotteries and Betting (1932-3)² was critical of lotteries, although in the face of widespread practice recommended a relaxation of the law to permit small lotteries for charitable or philanthropic purposes. This was on the grounds that the motive for participation was benevolence, and not the hope of personal gain. On the subject of a national lottery, the Committee was scathing:

*In the history of public finance lotteries take their place among the expedients which are resorted to when other and more reputable methods of finance have failed. It is significant that in this country lotteries were abandoned when more assured sources of income became available to the State.*³

The next Royal Commission, that on Betting, Lotteries and Gaming (1949-51)⁴, was more equivocal. It doubted whether a national lottery would lead to an excess of gambling, arguing that the evils of the eighteenth century would not be repeated because those lotteries had been attended by one of the first intensive publicity campaigns⁵. However, the Commission still agreed that the effect of a national lottery would be to increase the total volume of gambling. It was undesirable in principle for the state to provide any form of gambling facility, and this included a national lottery.

The latest Royal Commission was chaired by Lord Rothschild and reported in 1978⁶ recommending the creation of a national lottery for good causes. It argued that the state was justified in promoting a gambling enterprise when it was popular, socially harmless and designed to raise money for good causes.⁷ It concluded that a national lottery, if carefully established, could satisfy those requirements. Since that time, a number of private members' bills have been introduced, but without success due to lack of support and time constraints.⁸

²Cmnd 4341

³para. 457

⁴Cmnd 8190

⁵para. 380

⁶Cmnd 7200

⁷para. 13.59

⁸The latest was Mr. Ivan Lawrence's Bill. Second reading 17 January 1992.

1.2 The National Lottery etc. Bill

In March 1992, the government published a White Paper advocating a single national lottery to raise money for good causes.⁹ The Conservative Party also made it part of their election manifesto in April 1992. The Bill was published in December 1992 and if the measure is successful, the lottery is likely to start in 1994 with its first full year of operation in 1995.

The Bill sets out the framework for running the lottery and distributing the profits. The national lottery will be run by a director-general, appointed by the National Heritage Secretary. A single licence to run the lottery will be awarded. Separate licences will be granted to operators who will run individual lotteries as part of the national lottery. The main licence holder may also run lottery games.

A National Lottery Distribution Fund will be established and split into separate accounts for the five distributing bodies. These will cover the arts, sports, charitable expenditure, national heritage and the Millennium Fund for projects to mark the year 2000. Each distributing body will initially receive 20% of the Distribution Fund, although the National Heritage Secretary will be able to vary this provided that not less than 5% goes to each. The money will be awarded to 'good causes' by existing bodies such as the Arts Council, Sports Council and National Heritage Memorial Fund and through the National Lotteries Charities Board and the Millennium Commission to be established for distributing funds in these sectors. Within the arts, sports and charitable expenditure provision is made for allocating funds separately for England, Wales, Scotland and Northern Ireland.

The Bill gives the Heritage Secretary powers to make regulations about the minimum age at which a ticket can be bought, where and how they can be sold and the information that should appear in advertisements. It is expected that shops, newsagents and postoffices will be the main outlets.

The Bill does not specify the details of the games. but it is expected that two games will be run. The main game will be lotto with tickets priced at £1 and offering a weekly jackpot of £1million. The chances of winning big prizes may be one in nine million.¹⁰ Scratch cards offering a one-in-six chance of smaller instant prizes will also be available.

Existing legislation for small lotteries is amended to allow an increase in individual prize limits from £12,000 to £25,000 and the restriction on the total value of tickets sold raised from £180,000 to £250,000.

1.3 Lotteries in other countries

Another pressure for the introduction of a British national lottery comes from the European Community. Every country in the E.C. except the U.K. has a national lottery. The fear is that after the completion of the single market, foreign lotteries will become increasingly available here. The government seems particularly concerned that the growth of technology will enable more people to gamble from home.¹¹ In fact, other member-States are

⁹Cm 1861

¹⁰according to leaked GAH report quoted in the *Guardian*, 18.12.92

¹¹para.10

as keen as we are to prevent their citizens participating in foreign lotteries, and cross-border restrictions will probably remain in place, and be rigorously enforced.¹²

2. Economic Questions

2.1 More money for good causes

The prime motive for this measure is the need to provide extra funding for all sorts of valuable public enterprises without increasing the overall burden of taxation. There is historical precedent for using large-scale lotteries to fund the construction of public buildings: both the British Museum and Sydney Opera House were established using this means of raising capital. Everyone can sympathise with this motivation, but it raises two issues. First, it must be established that the lottery will indeed provide extra funding. The money people spend on a lottery ticket will be money not spent on other items of expenditure. Who will be the net winners and losers under the scheme? Secondly, the appearance of no increase in taxation must be challenged. A lottery is an implicit tax and should be judged in terms of equity and efficiency as a revenue source.

2.2 The amount raised

Estimates of turnover for the lottery vary widely. The Government White Paper based its estimate on a comparison with other European countries to produce a figure of £3-£4 billion for the turnover once the scheme is up and running - perhaps five years.¹³ When announcing the Bill the Heritage secretary offered a lower estimate of £2-£3 billion. Other estimates rely on two sources: the surveys carried out by Saatchi & Saatchi for the Sports and the Arts Councils, and the survey carried out by NOP for the National Council of Voluntary Organisations.

The proportion that will be allocated for distribution among the good causes is also uncertain. The White Paper suggested that once the lottery was established, one third of the revenue would be available for good causes.¹⁴ The level of tax and administration costs has not yet been settled. Since money for the lottery would be diverted from other taxed items of expenditure, the government must tax at 13.21% to maintain revenues.¹⁵ Tax is expected to be set at 15% (compared to 37.55 on the pools). This would result in a revenue distribution of roughly 50% for prizes, 25% for good causes, 15% tax and 10% operational costs.

¹²*Hansard* Written answers col. 482, 12 March 1991

¹³para. 6

¹⁴para. 23

¹⁵*Good Cause for Gambling?* Calouste Gulbenkian Foundation, 1992, p.54

The table below summarises the various revenue estimates:

Estimated lottery revenue for good causes (£s million)

	Proportion for good causes	
	33%	25%
White Paper	1000-1333	750-1000
NCVO	567-1000	425-750
Sports & Arts Council	528-667	400-500
London Economics	429	325

On the basis of these estimates the national lottery could provide between £325 million and £1.33 billion for good causes. A turnover of £1.5 billion would provide about £14 million a week in prizes and £375 million annually for good causes (£75m to each of the five distributing bodies).

2.3 Shifts in expenditure

It is important to know from which items of expenditure that money spent on the lottery, if introduced, would be diverted from. If, for example, the money was simply diverted from an existing form of gambling such as the pools, we could see the collapse of a multi-million pound private enterprise. Again, if the money were spent at the expense of donations to good causes, these could lose out overall.

The surveys conducted by Saatchi & Saatchi suggested a low degree of substitutability with other gambling activities.¹⁶ In other words, the money coming into the lottery would not generally be at the expense of existing forms of gambling. Professor Kay argued that Saatchi & Saatchi underestimated the true degree of substitutability. Since lotteries, particularly lotto games, closely mirror football pools in essential characteristics, he estimated that there would in fact be a much higher rate of substitution. His estimated proportions are as follows:¹⁷

General Consumption	35%
Savings	30%
Football pools	25%
Other gambling	10%

2.4 Consequences for the Football Pools

If London Economics' estimate of an annual turnover of £1.3 billion is correct, that could mean a loss to the football pools companies of £325 million, or almost half their annual turnover of £715 million. But we have already noted that this lottery turnover figure is at the bottom of the available estimates. Presumably, if Government hopes of a greater turnover for the lottery materialise, the impact on the football pools will be even more severe. Evidence from the rest of the E.C. tends to support this conclusion. Although the pools and lotteries have been able to exist side by side in Italy, in other countries, for example Belgium and Greece, the pools have consistently been squeezed out.¹⁸ The report by GAH consultants

¹⁶*Assessing the potential appeal of a national lottery in the U.K.* 1991 para. 2.3

¹⁷*Good Cause for Gambling?* Calouste Gulbenkian Foundation, 1992, p. 56

¹⁸see letters quoted by Mr. David ALton, *Hansard H.C. debates* cols. 1250-1251
17 Jan. 1992

leaked to the Guardian suggests that the pools industry faces a minimum of 1,100 job losses unless the Government offers some concessions.

Whatever the true figures, it would seem that the consequences of introducing the lottery would be disastrous for the pools industry. This is not just a matter of replacing one form of gambling with another. There is a world of difference between state promotion and private enterprise. Of particular concern is the number of jobs that will be lost: unlike lotteries, the pools are labour-intensive and both major pools companies are situated in areas of high unemployment. The pools companies between them employ around 6,500 in Merseyside, Glasgow, Cardiff and London¹⁹, whereas employees of the continental lotteries are measured in hundreds not thousands.²⁰ The £40 million currently provided to British football from the pools must also be under threat. On the basis of London Economics' figures, and assuming that the amount football pools will be able to contribute will be cut by half, about 6% of the available money raised from the lottery will have to be spent on football alone to maintain the present level of funding. Many football clubs also run their own lotteries and could see a substantial loss of income here as a result of the introduction of a national lottery.

2.5 The effect on charities' incomes

The major concern of most charities is that their own incomes will drop as a result of the lottery, without comparable returns from the National Lottery Board. This might have a number of causes. This would result from purchases of lottery tickets substituting for some existing donations to charity, and from reduced participation in the lotteries already run by charities. The extent of the loss is very hard to assess, but the NCVO did their best on the basis of the NOP survey. A third of those currently giving to charity could not predict how the lottery would affect their giving, and so assessments of the degree of detriment to the charitable sector vary widely. Their "realistic" scenario suggests a loss to the sector of £232 million. On their assessment of a total lottery income of £3 billion this means that 7.7% of lottery income would be at the expense of charitable giving. It should be noted that their optimistic scenario produces a figure of £60 million, but their pessimistic figure is £428 million.²¹

Survey responses on such an issue may be unreliable as people may be reluctant to admit to switching expenditure away from charitable giving. Back in the 1930s there was evidence that the Irish Hospitals sweepstakes had in fact caused many hospitals hardship because it resulted in a decline in charitable giving which contributed to running costs while sweepstakes money was only available for concrete projects.²² The NCVO response cites recent evidence from Ireland, where the national lottery has been running since 1987, suggesting that 10% of money spent on the lottery was at the expense of charities' fundraising, with a further 60% decline in the sale of charitable lottery tickets. If the introduction of a national lottery had similar effects here there could be a loss to charities of between £267 and £395 million.²³

These losses would include charitable donations to sports, arts and national heritage. Best estimates for the top 200 fundraising charities suggests that 12% of income goes to arts

¹⁹ibid. col. 1250

²⁰The French national lottery is operated by 400 people

²¹NOP, *The likely impact of a national lottery on charitable donation income*, 1992 p.5

²²Noted by the 1932 Royal Commission

²³NCVO *Submission* p.12

and heritage.²⁴ Thus, with realistic estimates suggesting that the lottery may only provide £75 million a year for charitable expenditure, the sector as a whole could be significantly worse off.

The lottery is likely to result in a significant redistribution of funding within the charitable sector without regard to the merit or value of the work of the organisations so affected. Some charities stand to lose more than others through the introduction of the lottery. Others may be better resourced to win grants from the National Lotteries Charities Board. The lottery is also an inefficient way of giving money to good causes as only 25% of the ticket price will go to good causes. Thus in encouraging people to participate in a lottery and benefit causes the Government could be accused of encouraging people to give inefficiently, be misleading about the actual net benefit to good causes and encourage a form of giving which prevents the development of any relationship between donor and charity.

2.6 The potential decline of Government funding

The Government has committed itself to the principle of additionality; the money made available by the lottery to 'good causes' will not replace existing funding. But it is hard to believe that the existence of alternative sources of funding will not affect decisions to allocate rare resources. In the Irish lottery between 1987 and 1989, 49% of national lottery disbursement expenditure (excluding expenditure on hospital building) funded additional expenditure by beneficiaries, while 51% compensated beneficiaries for reduced Exchequer funding during a period of economies in public expenditure.²⁵

Increasingly, those institutions which relied on lottery funding in the United States are in financial difficulties, both because of its erratic nature and because of the decline of government funding. In a survey of those governments which had specifically earmarked the proceeds of their state lotteries to education, J. Mikesell found that in only one case out of eight had the proportion of direct general expenditure risen.²⁶ The one rise was not statistically significant. Of course, there is no knowing how much worse the funding would have been without the lottery, but it seems that the claim to additionality in the United States must be taken with caution. Are we willing to risk these uncertainties?

2.7 Regressivity of taxation

The argument of this section is that the lottery is unjust because it is a regressive implicit tax falling disproportionately on those on lower incomes. This may be compounded by a tendency to fund projects which tend to be of benefit to those on higher incomes.

The Saatchi and Saatchi survey attempted to establish which social classes were very or fairly interested in buying a ticket in the lottery.²⁷

AB	C1	C2	DE
36%	40%	45%	37%

²⁴NCVO *Submission*, p.11

²⁵DKM Ltd, *An Assessment of the Economic Impact of the National Lottery 1987-1991*, DKM, 1992

²⁶*Lotteries in the State Fiscal System* Journal of Gambling Studies vol. 6, p.313

²⁷Saatchi & Saatchi Business Communications Ltd., *Assessing the Potential Appeal of a National Lottery in the UK*, August 1991

These figures rose when it was suggested that some of the proceeds would go to good causes.

AB	C1	C2	DE
55%	53%	56%	42%

This shows that the destination of the "consumption tax" has a markedly greater differential effect on different social groups. The fact that proceeds will go to good causes matters much less for DEs than for ABs. The chance of winning increasingly becomes the sole motive for participation as one moves from AB to DE.

Where surveys have been carried out on existing lotteries, they suggest that the peak at C2 is not as great. In estimating the distribution of Ontario Lottery Company players by income and education, Joan Vance discovered that the percentage of players in each class mirrored the percentage of that class in the population to within one point.²⁸

In USA the participation base is broad: about half of the adult public participate at least once a year.²⁹ In 1986 the average weekly expenditure was \$2 per adult. However, the distribution of lottery play is concentrated among a relatively small proportion of the public who spend much more than that. Among those who play the top 10% in terms of frequency account for 50% of the total amount wagered, while the top 20% account for 65% of the total. In most lotteries average expenditure is flat across income groups, indicating a regressive tax. However in some lotteries there is a higher concentration of heavy bettors in lower income group. In Ireland it is the unemployed that spend more on the national lottery than any other labour class.³⁰

When one considers the destination of the money raised, one must not ignore two mitigating features. The first is that the arts, sport and heritage do not just benefit those who use them as a form of recreation. For example, they create jobs and increase tourism, aspects generally beneficial to society. Secondly, The Sports and Arts Councils are committed to funding projects which should benefit those demographic groups contributing most to the lottery.

In spite of these commitments, it is hard to believe that those benefiting most from this scheme will not be those most able to afford the true cost of the services provided. At present class AB participates in sport at a rate about one third above average and patronises the arts at about twice average. On the other hand, for class E the figures are one third below average for sport and half average for the arts.³¹ The Bill makes no requirement that these considerations should be taken into account in the distribution of funds.

Even were the situation to arise that the population benefits from the support of good causes to the same extent as it contributes to the lottery, we would want to ask why the money could not be raised by admission charges. Or if we believe that these facilities should be available to all at cheaper rates why the money is not taken from general taxation. It would require an increase in total current receipts of 0.16-0.64 %³²

3. Social Consequences

²⁸Vance, p.176

²⁹Clotfelter and Cook, *Selling Hope*, ch.6

³⁰An Post Lottery Company, cited in Kay, J., *Good Cause for Gambling?*, p.45

³¹Kay, J., *Good Cause for Gambling?* p.58

³²Total current receipts 1991 were £209,443 million *Financial Statistics* table 3.1

3.1 Promoting gambling and misleading consumers

Kallick found that in a pervasive gambling environment, up to 80% of adults would gamble.³³ The potential popularity of a lottery is also well-attested to. Commenting on the state lottery of New Jersey, Stocker wrote

*The results exceeded all but the most wildly optimistic predictions and demonstrated what a well-designed and aggressively merchandised lottery could produce.*³⁴

Until now, the government has always controlled the promotion of opportunities to gamble, although this century has seen a gradual relaxation of attitudes and controls. The Home Office has been responsible for policy on gambling, with social factors rather than revenue implications being the primary consideration. The national lottery marks a significant and worrying departure from this policy.

The chairman of the National Council on Gambling has described as naive the Government's view that as lotteries are the 'softest' form of gambling a fairly relaxed regime of control is consistent with policy.³⁵ It is admitted that for the lottery to succeed it will have to be widely promoted. Thus for the first time, the Government will be actively engaged in the promotion of gambling. It will also be under the control of the Department of National Heritage, with a duty to maximise revenue, rather than that of the Home Office.

The Heritage Secretary calimed in announcing the Bill that the lottery would not attract the gambler:

*We expect it to attract a new section of the population, people who are willing to have a flutter knowing that - win or lose - money will be going to good causes.*³⁶

This is not true to the experience of lotteries which indicate that the hope of winning is for many people the most important motivation for participation. This is supported by the Saatchi & Saatchi survey. The behaviour of participants with the frequent use of elaborate systems lucky numbers is more indicative of gambling.

If the lottery is to succeed, however, there must be a degree of encouragement to participate. But the extent of that encouragement will vary greatly with the design of the lottery and the way it is advertised.

The Government remains open on many of the possible features of the lottery. The concern must be that some of these matters will be left to the discretion of the lottery operator. If these matters are not closely regulated by statute, the desire to maximise turnover will be translated into gross consumer manipulation.

Lotteries can take many different forms, the four most common being the draw, in which the aim is to have bought a ticket with digits matching those selected on the draw date, lotto, in which the player chooses the digits himself and is offered a jackpot, numbers games

³³quoted in Vance, p.161

³⁴quoted in Vance, p.51

³⁵Dr Emanuel Moran in *Financial Times*, 14.8.92

³⁶quoted in the *Guardian*, 18.12.92

which have smaller universes of numbers and tend to offer fixed prizes or pari-mutuel distribution, and instant games, where the player must rub off latex panels on a card to reveal matching symbols.

Instant lotteries are designed to encourage the impression that one has nearly won, for example by revealing three out of four identical symbols. Thus the incentive to try "just once more" is strong. The same effect can be achieved by requiring the purchase of more than one ticket to win the main prize, a potential feature which the government has already ruled out. The attractiveness of instant lotteries is such that they have an optimal pay-out ratio of only 22% as compared to 75% for lotto games.³⁷ One might also note at this point the greater possibility of fraud with instant lotteries.³⁸

American experience shows a strong correlation between jackpot size and participation. The question of a maximum prize is perhaps the most crucial factor in the design of a lottery. In some lotto games, if the top prize is not won, it can be "rolled-over" to the next draw. This practice can continue up to a set maximum, or indefinitely. In Canada there was a graphic illustration of the importance of rolling-over to boost turnover. By January 1984, the jackpot of the Inter-Provincial Lottery Corporation had reached \$14 million. Outlets reported double or triple usual sales; some queued for up to five hours for tickets. People spent \$50-\$60 at a time.³⁹ A more recent example is the "lotto-mania" which prevailed in Pennsylvania as the jackpot hit \$115 million. The Government's commitment to restrain the size of jackpots to limit problem gambling must be maintained.

As regards the frequency of the lottery, it is clear that weekly and half-weekly lotteries can be highly successful.⁴⁰ It does not seem that people get satiated by more frequent opportunities to gamble. The decision is quite simply a resolution of the conflict between the desire to increase money available for good causes and increasing the total volume of U.K. gambling.

The second main source of consumer manipulation comes from the promotion of the lottery. Present controls ensure that undue emphasis is not placed on the opportunity to gamble. The White Paper stated that commercial advertising would:

- (i) provide information about how to take part in the lottery, including the maximum prize and the odds of winning; and
- (ii) provide information about the good causes which will benefit from the proceeds.⁴¹

More significantly, it seems that the national lottery will, like existing lotteries, be advertised freely on TV and Radio. Unlike existing lotteries, there will be much more money available to pay for such advertising. The government appears to take the view that after an initial period of promotion, the level of advertising can drop. But one feature of lotteries, and particularly instant lotteries, is their short product-life. Promoters must be ever seeking new and more exciting ways of advertising what is structurally the same game. Ireland saw fourteen new instant lotteries in 1988 and 1989.

³⁷London Economics report, p.54

³⁸White paper para.19

³⁹cited by Vance

⁴⁰State lotteries in the U.S. average about two a week

⁴¹para.26

A lottery is an extremely bad bet yet people continue to participate in the hope of winning in the face of very long odds of several million to one. The information about the odds of winning may not prove an adequate safeguard as participants consistently underestimate the significance of long odds. Seemingly irrational behaviour may be justified by the (false) belief that a participants system or lucky number reduces the odds, or because such a gamble offers the only hope of escape from a particular situation. While we would not necessarily seek to deny the 'window of hope' or escapism that a lottery can afford, it is surely a cause for concern if a government is to be found peddling false hopes.

Of particular concern must be the way in which people are encouraged to participate. If the advertisements go beyond mere information about the existence of the lottery, they must surely present an image of success and happiness for the lucky winners, implying that people would be fools not to participate. But for the vast majority of people it would be wiser to invest the price of their tickets. Any suggestion that the best thing to do with a spare pound, or even a not-so-spare pound, is to buy a lottery ticket is grossly misleading. In the absence of rigorous controls, this is what we will be told.

3.2 The growth of problem gambling

Obviously, certain types of gambling are more conducive to creating addicts than others. The government believes that lotteries are the softest form, but their brief consideration of this problem is guarded:

*For **most** people, participation in the lottery will provide a harmless form of entertainment. **Many** countries which have had national lotteries for many years do not report any major adverse social effects.⁴²*

There is still no conclusive evidence that large-scale lotteries contribute to the incidence of compulsive gambling. But it can be said that evidence from the U.S. is increasingly pointing in that direction. Not only has the introduction of state lotteries over the past thirty years resulted in a new type of problem gambler, the lottery addict, but it also seems that the increased availability of this form of gambling has led to addiction to other forms.

In a survey of Iowa residents,⁴³ researchers found that the amount of money spent on lotteries was a predictor of both loss of control (behavioural aspects such as hiding gambling, inability to resist gambling, spending more than intended, and a return to gambling after trying to give up) and of problem gambling (losing time from work or school, borrowing money, illegal behaviour, subjection to criticism, unsuccessful attempts to desist). Various character traits (e.g. impulsiveness) and a number of background characteristics were also predictors of problem gambling. Further research is needed to establish whether addiction depends on lottery gambling expanding into other forms. The precise determination of cause and effect still has to be established.

Dr. Valerie Lorenz, Director of the National Center for Pathological Gambling in Baltimore, Maryland, is in less doubt about the contribution of large-scale lotteries to problem gambling.⁴⁴

⁴²White paper para.16

⁴³Hraba, Mok and Huff, *Journal of Gambling Studies*. vol. 6 p.355

⁴⁴*Journal of Gambling Studies*. vol. 6 p.383

Ten years ago a female compulsive gambler was a rarity in treatment. Lottery addicts were virtually unheard of. Teenage compulsive gamblers were non-existent, and compulsive gamblers among senior citizens were also a rarity a mere decade ago. Yet today all of these compulsive gamblers abound in every state, at every Gamblers Anonymous meeting, at professional treatment programs, and in the criminal justice system.

In spite of the slow timescale of most lottery games, stressed by those who claim that lotteries are "soft", addicts report the same feelings of excitement in placing bets and the same depression and despair after losing. Recovery brings the same desire to chase losses by improving their "system" for picking numbers. Work productivity drops, debt, and then theft, and then suicide follow.

At the Center, in its first full year (1988-9), 7% of compulsive gamblers stated that lotteries were their main form of gambling; of those listing a second favoured form, 11% named lotteries. By 1990, at 22%, lottery addiction ranked first among all types of gambling.

One of the problems with compulsive gamblers is that they are harder to detect than alcoholics or drug addicts. The harm they cause is firstly financial, not physical. In spite of this, withdrawal can be as painful.

Thirty to 50% of compulsive gamblers show physical signs of withdrawal, it looks like narcotics withdrawal.⁴⁵

Once a lottery matures, the increase in revenue tends to slow down. This creates considerable pressure for operators to increase participation rates. Where the participation base is already broad this tends to result in advertising strategies aimed at converting casual users into regular users. New games and new technologies such as telephone betting and video lotteries for use in arcades and on home computers are also used to maintain revenue growth. Such pressures can only increase the potential for addictive gambling. The National Lottery Bill has underestimated the implications of promoting gambling on such a wide scale and safeguards such as a commitment to restrain the size of jackpots and prohibit accumulative games do not go far enough.

3.3 Chance ideology or work ethic?

Every legislative act sends messages about the values on which the state rests. What sort of message will the government send by promoting a lottery? The economists, Clotfelter and Cook suggest that:

There is more to selling lottery tickets than persuading the public that playing is a good investment. At a more basic level the sales job may be viewed as an education in values, teaching that gambling is a benign or even virtuous activity that offers an escape from the dreariness of work and limited means. Not only does

⁴⁵Dr. Howard Shaffer, Center for Addiction Studies, Harvard. Quoted Financial World 20.2.1990

lottery advertising endorse gambling per se, but it also endorses the dream of easy wealth that motivates gambling. The ads are unabashedly materialistic, and their message is a slightly subversive one - that success is just a matter of picking the right number. The gospel of wealth based on sweat and a little bit of luck, is replaced by one based on luck alone. ⁴⁶Needless to say, waiting for fortune to smile is not the formula for success that is usually taught.

In a recession sources of hope may be hard to find. Policies offering real hope should be sought, rather than a lottery that offers a false hope to the many losers. The lottery will not make the nation any richer; it is just a more popular way than taxation of redistributing wealth. An industrious nation is a prosperous one. The government should be very concerned that it is undermining a valuable aspect of the national ethos.

4. Values and the National Lottery

The social and economic consequences of a lottery raise many ethical questions such as the role of the state in the promotion of gambling, the possible manipulation of participants and the importance of equity in raising revenue. Many of these concerns have formed part of the submissions of the various denominations of the Christian church to the Government concerning the national lottery.

Any assessment of these ethical implications will be informed by a set of values or principles. The impact of a lottery is potentially so great that it is important to consider what sort of education in values the promotion of a national lottery would constitute. In surveying the response of the churches to the national lottery, this section highlights some of the values that are implicit in their responses. The ethical concerns raised in the previous sections may be shared by many people who would not share this starting point. These values are, however, put forward as one contribution to any consideration of the values that should inform a response to the National Lottery Bill.

Broadly speaking, the Protestant denominations are either against the lottery as a matter of principle, or because of the potential harms. The restrictions these suggest to limit the harm to acceptable levels would probably make the lottery worthless. The Roman Catholic and Greek Orthodox churches, while recognising the unfortunate side-effects for some gamblers, are generally not critical of the idea of a lottery.

4.1 Concern for the weaker neighbour

We who are strong ought to bear with the failings of the weak, and not to please ourselves. Each of us should please his neighbour for his good, to build him up.⁴⁷

The principle of restricting one's legitimate freedom in order to discourage another from participating in some potentially harmful activity recurs throughout the New Testament. Christians may consider this to be personally applicable in the case of the lottery, but it

⁴⁶Clotfelter, C and Cook, P., *Selling Hope*, p. 243

⁴⁷Romans 15:1-2

surely also applies to Government policy. Few would wish to argue that people should not have the liberty to gamble, but it does not follow that the state may promote it. It is likely that more people will be impoverished, more families destroyed and more crime committed as a result of the introduction of further opportunities to gamble. The state cannot evade responsibility for this by claiming that the choice to gamble is an individual one.

Some churches have pressed the Government not to alter its basic stance on gambling. Thus in November 1990 the Baptist Union Council urged:

that Her Majesty's Government reaffirms and adheres to the now established policy that the Government will allow nothing which encourages the spread of gambling.

This concern is reflected by other church bodies.

*The danger the Board sees. . . is that the much greater size of the prizes and frequency of draws. . . will draw people into excessive participation.*⁴⁸

*Certainly, from a moral standpoint, the introduction of a lottery system by a government would appear to give gambling a degree of legitimacy and once legitimacy is created for one branch of the gambling industry, the more extreme forms may claim the mantle also.*⁴⁹

*These evils [of gambling] will be given tacit moral encouragement by a Government-sponsored National Lottery.*⁵⁰

4.2 Productive Work

This is important both as a means of personal satisfaction and as the means of gaining wealth. We have already noted the employment implications of replacing the pools, along with the destruction of the work ethic by a chance ideology. A number of the church representations hint at this aspect of the lottery.

*The whole principle of a lottery which encourages the notion that it is possible to get something for nothing and that it is fun to do so is not without harm.*⁵¹

*Advertising controls ". . . should aim to protect young people and those whose vulnerability may make them most likely to succumb to suggestions that large sums of money can be made without effort."*⁵²

4.3 Responsibility for dependents

⁴⁸Board for Social Responsibility of the Church of England *Response* para.5

⁴⁹1989 Report of the Role of the Church committee, Church of Ireland p.126

⁵⁰Religion and Morals Committee, Free Presbyterian Church of Scotland *Response*

⁵¹Church of England *Response* para.2

⁵²ibid. para. 6f

*If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith and is worse than an unbeliever.*⁵³

In so far as gambling reduces one's ability to care for immediate family and dependents it is unacceptable.

*Our basic spiritual motivation, as well as our social welfare experience, indicate that many of those who gamble tend to disregard their primary responsibilities in life and frequently they bring embarrassment and hurt to those dependant on them.*⁵⁴

This concern is implicit in the Methodist rejection of an instant-type lottery;

*It is clear that instant losers are stimulated to keep trying, spending money they cannot afford on chances that, clearly considered, provide an astronomically remote chance of winning.*⁵⁵

The Church of Ireland Role of the Church Committee could conclude:

*There are too many innocent victims of gambling and too many marriage breakdowns because of it to give it any blanket approval.*⁵⁶

4.4 Generosity

Paul encouraged the Corinthian church,

*Just as you excel in everything. . . see that you excel in this grace of giving.*⁵⁷

Paul is anxious to stress that it is the benevolent motive that is of greatest value:

*If the willingness is there, the gift is acceptable according to what one has, not according to what one does not have.*⁵⁸

Christ's comments on seeing the widow put her mite into the temple treasury⁵⁹ are a well-known instance of this.

Much that could come under the state's social welfare umbrella is currently performed by individuals giving freely of their money and services. The government could not fulfil its aims without this high degree of philanthropy. It is not just personally good to give without hope of reward, for the nation it is economically indispensable.

⁵³1 Timothy 5:8

⁵⁴Salvation Army positional statement on gambling

⁵⁵Division of Social Responsibility *Response* para.3

⁵⁶op.cit. p.128

⁵⁷2 C orinthians 8:7

⁵⁸v.12

⁵⁹Luke 21:1-4

Thus the Methodists note the concern voiced by many charities (including their own National Children's Home) that fund-raising which makes appeals to the general public, apart from small charitable lotteries, will be adversely affected.⁶⁰ In their response to the white paper, the Quakers stress this aspect of the lottery.

*The existence of a national lottery, sanctioned by the government, may well encourage people to seek a return on their charitable giving, essentially taking the charity out of charitable giving. . . The hidden long-term effect on society will be to encourage selfishness, the belief that anyone who does something for nothing is a fool.*⁶¹

This would be an unfortunate reversal of values.

4.5 Rest and recreation

Just as productive work is of value, so is recreation. This means that forms of gambling which encourage healthy social interaction are of some value, whatever conclusion one reaches all things considered. The Church of England accepts this.

*The raffles, bingo and other minor forms of gambling. . . can reasonably be considered a useful way of raising money for good causes.*⁶²

This aspect of some forms of gambling is stressed more strongly elsewhere. Forms of gambling could have a positive benefit where they formed part of wholesome social interrelationships and where no-one took the business of winning or losing seriously.⁶³

One might conclude, as other denominations do, that these benefits are outweighed. That is not the point here. Lotteries do not have this high degree of social interaction associated with them.

4.6 Contentment

Many Christians would not see gambling as an expression of a deep-seated discontent with what one has.

*Keep your lives free from the love of money, and be content with what you have.*⁶⁴

Contentment is not the same as fatalistic inactivity, still less should it engender a callous attitude to those who have less than oneself. The contented person is at ease with themselves and the world.

By placing the possibility of great riches within the apparent grasp of people, the Government foments discontent. Discontent with one's present standard of living, far from

⁶⁰Response para.8

⁶¹Response para.1

⁶²Response para.5

⁶³National Council for Social Aid *Christians and Gambling*

⁶⁴Hebrews 13.5

promoting harder work seems to encourage consumer debt. This currently stands at £56 billion, so high that doubts have been expressed whether Britain's consumers can afford to buy their way out of the recession. It is certainly not in the interests of the state to create a nation of debtors.

5. Conclusion: summary of case against the national lottery

*Well, Henry, what shall we abolish next?
The Lottery, I think⁶⁵*

The national lottery raises important economic social and ethical concerns which we now summarise:

*** Reduction in the income of charities**

- estimates of revenue vary widely, Income to 'good causes' may be much less than the enthusiastic claims of hundreds of millions painlessly raised
- the impact on existing donations and lotteries could result in a net loss of income to charities
- the sports and arts will receive less money from the football pools

*** A bad way of giving**

- the lottery may mislead the public about the extent of benefit to good causes and encourage an inefficient way of giving. Only 25% of the ticket price will go to good causes
- it precludes the development of a relationship between donors and good causes
- some organisations stand to lose more income than others, while some will be better placed than others to win grants from the distributing bodies. The lottery may therefore lead to a significant redistribution of funding within the charitable sector without regard to the merit or value of the work of the organisations affected

*** Promoting gambling**

- the lottery should be clearly recognised as a form of gambling
- it is inappropriate for the Government to promote gambling. The lottery is a move away from current policy
- lotteries can lead to addictive gambling
- in other countries the pressure to increase lottery revenue has led to aggressive marketing and weakening of safeguards, leading to further increases in problem gambling

⁶⁵William Wilberforce and Henry Thornton after the Abolition of the Slave Trade 24 February 1807. Quoted in John Pollock *Wilberforce* p.212

* **A regressive tax**

- the lottery should be regarded as an implicit tax
- expenditure is likely to be flat across income groups, clearly indicating a regressive tax
- there may be a concentration of heavy bettors among some demographic groups
- there is no requirement that funding should be directed to those groups contributing most to the lottery

* **Selling false hopes**

- most people will lose money on the lottery. It stimulates participation by selling a false hope of escape, often to those who can ill afford to lose the money

* **Questionable values**

- the lottery may undermine values such as benevolence and contentment, and promote a 'chance ideology' in place of a work ethic.

Predictions about the impact of a national lottery are, of course, uncertain. However, we should seek to learn from the negative experiences reported in other countries. We believe that the potential social and economic costs of the lottery are such that it should be opposed.

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