

The Economic Inequalities of State Lotteries

Martin Tomlinson

Lotteries, games of chance in which some sort of token is bought in the hopes that it will result in a big payoff, have been around since the time of the Great Wall of China. The wall itself is an early example of a public works project funded by a crude lottery (Delcour 2001). Lotteries flourished across Europe and other parts of the world, eventually making their way across the Atlantic Ocean to America, where they have enjoyed sporadic popularity. In the past forty years, though, state lotteries have proliferated greatly in the U.S. and are now found in 38 states. Lotteries were abandoned by states after scandal rocked the Louisiana Lottery program in the late 19th century, but were revived by New Hampshire in 1964 (National Coalition Against Legalized Gambling, 2003). Lotteries are extremely attractive to legislators because they provide a way for them to raise hundreds of millions of dollars in revenue without raising ordinary taxes. Net proceeds from state lotteries are typically earmarked for specific programs such as care for the elderly or education. Lottery proponents claim that because of this, state lotteries actually combat inequality by helping the less affluent residents of a state meet basic needs or take advantage of opportunities they would not ordinarily have. However, these claims must be critically examined. Who buys lottery tickets? How much of the proceeds are actually getting to their specified programs? Is lottery money actually increasing funding of targeted programs? Who is benefiting from the lottery money? Finally, what impact do state lotteries have on existing inequalities?

History of State Lotteries

Lotteries originated in America starting in the colonial days.

Chrestomathy: Annual Review of Undergraduate Research at the College of Charleston

Volume 2, 2003: pp. 266-283

© 2003 by the College of Charleston, Charleston SC 29424, USA.

All rights to be retained by the author.

Lotteries had long been popular in England, so colonists brought the concept across the Atlantic with them. Early colonial lotteries were used to fund many venerable American institutions such as Harvard and Yale Universities. Lotteries continued to flourish in the period after independence, but were essentially wiped out in the 1830s. The Era of Jacksonian Democracy brought corruption and inefficiency to state lotteries and many other agencies, and lotteries disappeared due to scandal. State lotteries reappeared in the late 19th century, but were done away with in the 1890's when the Louisiana Lottery Scandal broke. In addition to being a den of bribery, embezzlement, and corruption, the Louisiana Lottery Commission was transporting lottery tickets across state lines and selling them across the nation. This outraged the nation, and this practice was outlawed, and state lotteries again became taboo.

In 1964, however, New Hampshire passed a state lottery measure, making it the only state in the United States to do so. It did so because it had no income or sales tax, and a "voluntary tax" like the lottery was much more palatable to the state's voters. Twelve more states followed in the 1960's and 1970's. State lotteries underwent a particularly explosive boom period in the 1980s, when President Ronald Reagan's tax cuts left state lawmakers frantically searching for new sources of revenue. Eighteen more states passed lottery measures during the decade. The total of states with lotteries was now thirty-one, and this increase put a great deal of pressure on states without lotteries, as residents of their states would frequently go across state lines to buy tickets to another state's lottery, meaning cash was being sucked out non-lottery states. As former Kansas governor John Carlin put it, "Not having one when your neighbor has one is like tying one hand behind your back (Nelson 2001)." This competitive disadvantage has largely helped seven more states pass lottery measures, including South Carolina most recently. Thirty-eight states, plus Washington, D.C., now have lotteries as a means of increasing funding. Several other states like Tennessee and Oklahoma are currently investigating the possibility of instituting a state lottery.

Problems with the Lottery

On the surface, lotteries appear to be a perfect solution to the

governmental quandary of how to raise revenue without raising taxes. A lottery allows people to buy tickets that will simultaneously allow them to play a fun game of chance and donate money for a good cause. For this reason, the lottery is often referred to as a “voluntary tax” or “invisible tax.” However, all is not as it appears. Lotteries are often marketed on the platform that they will reduce inequality within a state, but in fact, the opposite is often true. States often trumpet that lottery revenues will go towards programs like pre-kindergarten programs for the poor and college scholarships for students who could not otherwise afford higher education. Lottery proponents often point to statistics that show that lottery play is usually very similar across income ranges, with lower middle-class respondents usually playing slightly more than those from other income groups. However, what they do not explore is the frequency of play and the types of games played. When these statistics are examined, one discovers that disadvantaged groups such as the poor and minorities are much more likely to be very active lottery players. This means that members of these groups bear an inordinate share of the burden of the “voluntary tax.”

Clotfelter and Cook (1989), policy experts on the subject of state lotteries, have done research showing that the top five percent of players in a state (in terms of tickets bought) are responsible for an average of 54 percent of overall lottery revenue. Another study found that if every lottery player spent the median amount of dollars per year on lottery tickets, lottery revenues would decline by over 75 percent. This contradicts lottery proponents’ claim that state lotteries are harmless programs in which people donate money to state programs one dollar at a time. Especially when one considers the percentage of one’s annual income spent on state lotteries, the inescapable conclusion is that lotteries function as a highly regressive tax, impacting the disadvantaged far more than the privileged. Figure 1, a 1991 study by the Detroit Metropolitan Area Public Policy Survey certainly seems to corroborate this theory

Figure 1
Lottery Participation by Social Characteristics

<i>Income</i>	<i>% Players</i>	<i>Annual Exp. In \$</i>	<i>As % of Income</i>
<\$10,000	70.7	139	1.51
\$10,000-\$19,999	73.1	168	0.84
\$20,000-\$49,999	78.0	144	0.42
\$50,000-\$69,999	83.3	127	0.24
>\$70,000	80.4	139	0.18
<i>Education</i>	<i>% Players</i>	<i>Annual Exp. In \$</i>	<i>As % of Income</i>
<HS Degree	70.1	225	1.28
HS Degree	78.1	154	0.60
Some post-HS	78.7	153	0.53
College Degree	74.3	93	0.25
<i>Race</i>	<i>% Players</i>	<i>Annual Exp. In \$</i>	<i>As % of Income</i>
Black	69.3	192	0.96
Non-Black	79.5	119	0.36
<i>Sex</i>	<i>% Players</i>	<i>Annual Exp. In \$</i>	<i>As % of Income</i>
Female	80.8	123	0.52
Male	73.3	162	0.53
<i>Age</i>	<i>% Players</i>	<i>Annual Exp. In \$</i>	<i>As % of Income</i>
18-29	72.4	130	0.44
30-55	79.1	138	0.46
>55	71.1	153	0.80

Source: 1991 Detroit Metropolitan Area Public Policy Survey

As seen in the second column, it was found that players who earned less than \$10,000 a year and players who earned more than \$70,000 a year spent, on average, the exact same sum of money (\$139) playing the lottery. Data like this has been used by many lottery proponents to “prove” that the rich and the poor contribute equally to the lottery. However, there is a huge disparity between the percentage of their

income being spent. The players earning less than \$10,000 spent an average of 1.51% of their annual income playing the lottery, while players earning more than \$70,000 spent an average of .18% (Detroit Metropolitan Area Survey 1991). This means that as a proportion of income, the very poor in this survey were spending over eight times as much money on the lottery as the very wealthy. This seems to suggest strongly that lotteries are doing more to propagate social inequality than they are to alleviate it. The problem is further exacerbated because much of the net proceeds go to college scholarship programs which primarily benefit the rich and middle class. Thus, in many ways lotteries function as a sort of reversal of folk hero Robin Hood's motto: they take from the poor and give to the rich.

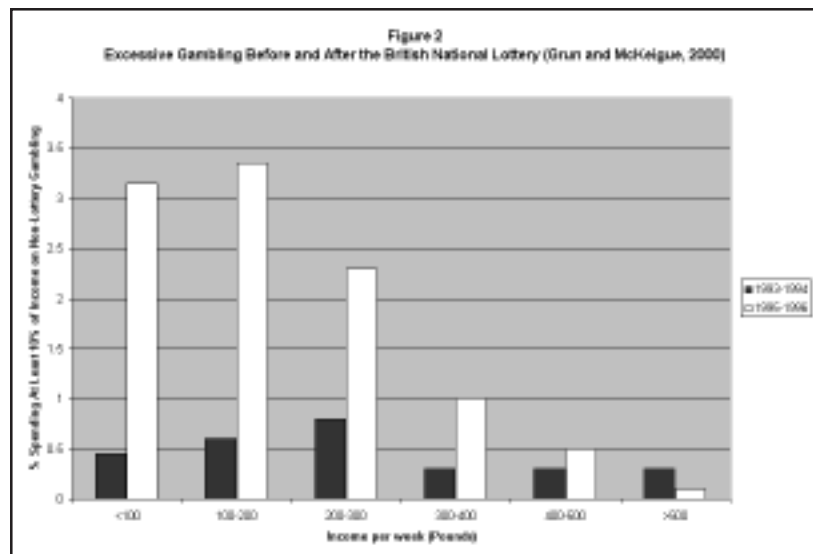
Another problem with state lotteries is the problem of diminishing returns. It has been conclusively shown that while lottery revenues initially boom, after several years overall revenues plateau. This causes a major problem for most states, which have earmarked lottery revenues for specific programs such as senior citizen care or education. These programs will continue a rapid pace of growth and will always demand more and more funding as time goes on. So what happens when the programs the lottery was set up to fund need more money than the lottery can provide? This is a problem that many states have had to deal with. The usual response is to try to boost lottery revenues through either the creation of new games or an increase in lottery marketing, oftentimes both in conjunction. This seems to be very questionable ethically. The duty of a state government is to protect the welfare of its people, which it seems to be violating by trying to convince them to spend their money on gambling. A good example of this is Ohio, where officials time state lottery commercials and newspaper advertisements to coincide with the distribution of state payroll, welfare, and social security checks. States that experience revenue declines also often turn to other forms of legalized gambling such as video poker and keno machines.

Lottery commercials are also not subject to the same Federal Trade Commission truth in advertising regulations as standard commercial advertisements, and states use this to their advantage. They market the lottery as a way to get rich and change your life without having to work. The states do this without being honest about the

virtual impossibility of actually winning a big prize. One such commercial in Connecticut featured a winner of a grand prize saying, "When I was younger I could have planned my future. But I didn't. Or I could have made some smart investments. But I didn't. Heck, I could have bought a one-dollar Connecticut lotto ticket, won a jackpot worth millions, and gotten a nice big check every year for 20 years. And I did! I won!" The commercial ended with a voice-over saying, "Odds of winning are 1 in 30 (Nelson 2001)." This gives viewers the distinct impression that they have a 1 in 30 chance of winning a prize that may change their life, when in fact the 1 in 30 consists mainly of small prizes of only a few dollars. Governments which rely on lottery revenues also necessarily rely on lottery players' ignorance of the true odds of winning a large prize in the games. If playing a pick 6 game with 42 numbers (common among many states), a player has an approximately 1 in 5 million chance of getting all six numbers correct (NCALG 2003). If the game is increased to 49 numbers, as in California, the chances decrease to 1 in 14 million (NCALG 2003). You have a much better chance of being dealt a royal flush or being killed abroad by a terrorist than winning even the simplest lottery (Walsh). If you bought 100 tickets every week from the time you were 18 until you were 75, you would have a 1% chance of ever winning the lottery (and you would be spending nearly \$300,000) (Walsh 1996). Even as gambling goes, the lottery is a bad bet. Typically around 50% of gross lottery revenues are spent on payouts, which means you can expect to get back 50 cents on every dollar you spend on lottery tickets. On long odds super lottery games the odds fall even lower, in some cases as low as 5%. On the other hand, an informed player can expect to get back about 98 cents on the dollar in casino games like blackjack, baccarat, slot machines, and craps (Walsh 1996). You can get back 95 cents on the dollar by playing roulette or betting on football games (Walsh 1996).

Another criticism of state lotteries is that they are a highly inefficient way to raise money for programs. Lottery revenues are typically a very small percent of a state's total revenues. Overall, for every dollar in total lottery revenue, typically between 30 and 40 cents are actually spent on the programs they are earmarked for (Tanner 2002). The other 60 to 70 cents go towards payouts and running the

lottery commission. Lottery critics point out that in almost every case the same revenues could be achieved by substantially less than a 1% sales tax increase (Averill 2002). State lotteries have also been linked to other social ills. Many critics have said that lotteries lead to an overall increase in gambling, especially gambling among minors. Grun and McKeigue (2000) studied gambling rates across income brackets before and after the United Kingdom instituted the British National Lottery in 1995. Figure 2 displays their data, which shows that the National Lottery brought increases in gambling expenses across the board, and huge jumps in the percentage of income spent on non-lottery gambling among the poor and working classes.



Can Grun and McKeigue's findings be applied to America? While it is true that gambling is legal in Great Britain, it is essentially decriminalized in most of the United States, so it seems perfectly reasonable to assume that lotteries increase gambling in America. Statistics also seem to show that crime does increase slightly in states which adopt lotteries. While these theories have not been conclusively proven, they do offer additional possibilities on the dangers of state lotteries.

It has also been the experience of many states, most famously Florida, that as soon as lottery money begins to actually get to the

specified programs, the state legislature cuts funding for those programs and sends it elsewhere (Tanner 2002). It is for this reason that Robyn Gearey (1997) refers to lotteries as “a shell game.” On average lottery states spend about 50% of their total state budgets on education, while non-lottery states spend an average of 60% (Bobilin 2003). This seems to clearly demonstrate that once lotteries start to fund schools, states spend less of their budgets on education and instead spend money on other programs. The actual revenue produced by the lottery, then, is not actually increasing education funding at all, but serving whatever programs the legislature is most eager to fund. In Florida, the legislature cut education funding so severely that many counties were forced to use lottery revenue to pay teacher salaries, a purpose for which it was never intended (Bobilin 2003). After education lotteries are instituted, citizens are much more reluctant to support additional education funding, because the lottery fosters the idea that schools are swimming in money, when in fact their budgets are usually decreased.

The Georgia Model

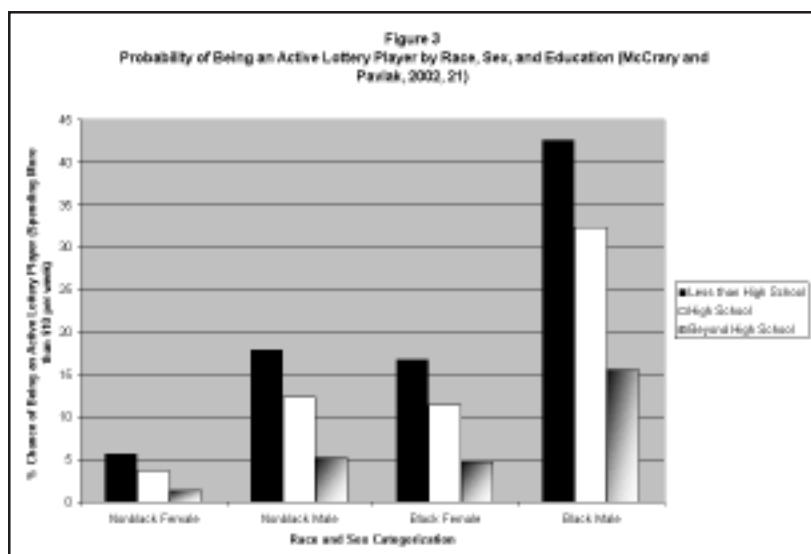
In 1993, Georgia passed a unique state lottery. The main premise of their idea, propagated by Governor Zell Miller, was that all net lottery proceeds be pushed into three educational programs. The first of these is a free pre-kindergarten program for every four year-old whose parents want them to participate. The second component is a directive that provides for advanced technology in all public school classrooms. The third and most celebrated of the Georgia lottery programs is the HOPE scholarship program. These scholarships provide full tuition, fees, and books at any public university or technical school in the state for any student who graduates from a state high school with a 3.0 or higher grade point average. The only catch is that to keep the scholarship, the student must maintain at least a 3.0 grade point average in college. These scholarships have two main purposes. The first is to give underprivileged students the opportunity to pursue higher education that they would not normally have. The second is that it serves to combat the “brain drain,” a term that refers to the tendency of the best students to leave a state for elite private schools in other parts of the country. Georgia officials

reasoned that if these high-achieving students were given the option of a free education at an in-state school, more of them could be persuaded to stay in the state for college and beyond.

The Georgia model has been widely trumpeted as the ultimate in lottery achievement. According to the Georgia Student Finance Commission, the HOPE scholarship program has awarded scholarships totaling 1.5 billion dollars to more than 600,000 students who met qualifications. In 1992, before the HOPE program was implemented, approximately 25 percent of Georgia students who scored over 1500 on the SAT stayed in state (Averill, 2002). Now the number is estimated at 75 percent (Averill, 2002). The Georgia Office of School Readiness also hails the pre-kindergarten program as a success, as it provides free early childhood education to 62, 500 children annually. The success of the Georgia Lottery has sprouted several imitators, including South Carolina, which recently instituted its own education lottery. Twelve other states have used lottery funds to fund a facsimile to the HOPE scholarship program (NCALG, 2003). Oklahoma and Tennessee, two states currently exploring the option of instituting a lottery, are both looking into a Georgia-style education lottery.

But how well does the Georgia lottery really work? It seems to be beyond argument that it effectively combats the “brain drain,” keeping the best students in-state, which increases the likelihood they will stay in-state after graduation and benefit the state economy. But how effective is the Georgia lottery in fighting inequality? Some of its critics argue that it is not effective at all, that the poor and minorities buy a disproportionate share of lottery tickets, and the proceeds from lottery sales go to the rich and middle class. One study found that 44% of Georgia high school students in 1994 were intentionally diluting their academic classes with less challenging non-academic classes to maintain a 3.0 grade point average (Bobilin 2003). The same study followed the students through college and found that of the students who were awarded the HOPE scholarship, 80% of them lost it before they graduated from college (Bobilin 2003). Furthermore, Georgia’s high school graduation rate fell from 64% in 1990 (before the lottery) to 58% in 1996 (after the lottery) (NCALG, 2003). The population constituting the six percent difference was most likely made up primarily of borderline students from lower class backgrounds.

In the fall of 2000, two public policy researchers at the University of Georgia, McCrary and Pavlak (2002), undertook an extensive telephone survey to more exactly determine the economic impacts of the Georgia State Lottery. Their findings seem to clearly demonstrate that the Georgia lottery has the impact of helping the privileged with the money of the poor. They found that whether or not a person played the lottery was not strongly correlated with either race or income (McCrary and Pavlak 2002, 1). However, as Figure 3 shows, they found that blacks, males, and the less educated were much more likely to be “active” players, which they defined as individuals spending more than \$10 a week on lottery games (McCrary and Pavlak 2002, 18).



It would seem that the poor are also much more likely to be active players, since lack of education and poverty are so strongly correlated. Furthermore, as Figure 4 shows, McCrary and Pavlak also found that blacks are much more likely to play “instant games” where drawings are held daily or more than once a day (McCrary and Pavlak 2002, 16).

These instant games are much more likely to appeal to active players, since they can buy a ticket and find out whether they won over a short period of time, sometimes in a matter of minutes. Instant

games also tend to have lower payouts per dollar spent than do the bigger weekly games, meaning players of instant games are highly unlikely to ever get much of their money back.

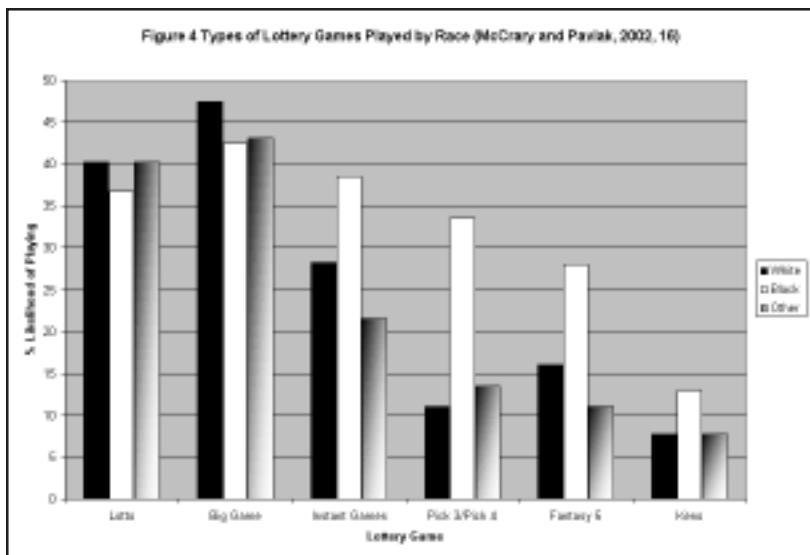
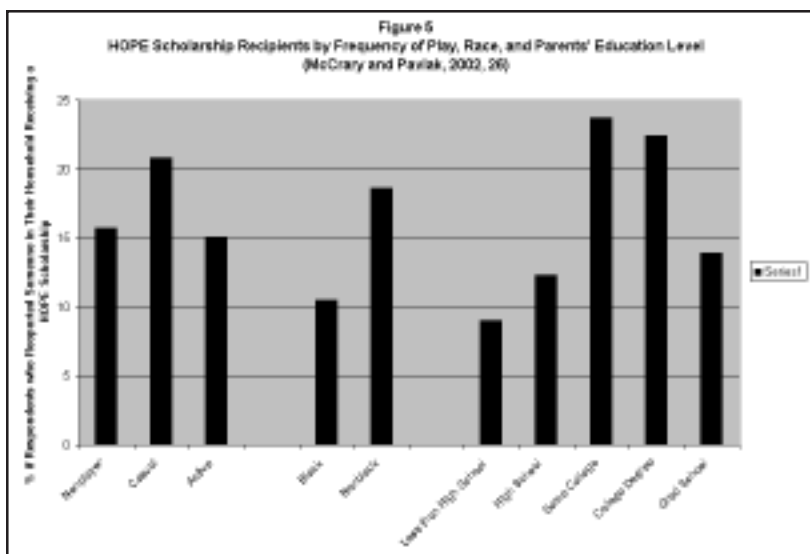


Figure 5 clearly shows that the overall effect of the Georgia lottery is to benefit the upper and middle classes.



The bulk of the Georgia lottery's educational expenditures are through the HOPE Scholarship Program. McCrary and Pavlak's findings, as seen in Figure 5, clearly indicate that recipients of these scholarship are primarily white. They are also most likely to be children of casual players or people who do not play the lottery at all, and their parents most likely have a college degree or some college education.

These findings were corroborated by Rubenstein and Scafidi (2002), who did a similar study of the distributional consequences of the Georgia lottery. They set out to answer their titular question, "Who Pays and Who Benefits?" They studied the net spending of groups on lottery tickets and the total benefits that group received. Figure 6 shows Rubenstein and Scafidi's net benefit calculations from the lottery for each social group.

Figure 6

Net Spending, Benefit, and Net Benefit from Georgia State Lottery by Social Characteristics (Rubenstein and Scafidi, 2002)

<i>Group</i>	<i>Net Spending</i>	<i>Benefit</i>	<i>Net Benefit</i>
All	\$155.52	\$205.12	\$49.60
Whites	\$132.99	\$248.39	\$115.40
Non-whites	\$220.68	\$80.01	- \$140.67
<\$15k	\$270.84	\$110.29	- \$160.55
\$15k to \$25k	\$323.16	\$138.35	- \$184.81
\$25k to \$35k	\$90.45	\$169.89	\$79.44
\$35k to \$50k	\$236.57	\$196.15	- \$40.42
\$50k to \$75k	\$143.62	\$257.43	\$113.81
>\$75k	-\$39.46	\$344.43	\$383.89
<High School	\$162.29	\$185.43	\$23.14
High School grads	\$132.35	\$225.99	\$93.64
Some college	\$164.94	\$196.99	\$32.05
College grads	\$172.22	\$194.36	\$22.14

Their findings clearly show, in plain statistical terms, who is paying for the Georgia lottery and who is benefiting from it. Like McCrary and Pavlak, their findings show that the poor and minorities pay the most for the lottery, while the white and upper class reap the greatest rewards. The average nonwhite household loses \$140.67 per year, and the average household in the \$15000 to \$25000 income bracket loses \$184.81 per year to the lottery. On the other hand, the average white household gains \$115.40 from the lottery, while the average household with an income of over \$75,000 gains a staggering \$383.89 per year in benefits from the lottery.

Overall, these studies quite clearly show that the rosy image projected by Georgia politicians and politicians in other states trumpeting the greatness of “the Georgia model” is not truthful. A disproportionate share of lottery revenue comes from the poor, the uneducated, and racial minorities. A disproportionate share of that revenue, in the form of college scholarships, goes into the pockets of the upper class, middle class, and whites. Despite Georgia lottery supporters’ claims that their lottery reaches out to the poor through the educational programs, it is clear that what actually happens is a redistribution of money from the underprivileged to the privileged.

The South Carolina Education Lottery

The Georgia Model soon came to its neighbor, South Carolina. Whether or not to institute a state lottery was the crucial issue in the 1998 state elections, according to most experts. The idea of an “education lottery” was championed by gubernatorial candidate Jim Hodges, who won the election largely due to support for the lottery, which increased turnout among those who do not ordinarily vote. A large proportion of his campaign ads were devoted to the issue. Especially effective were a series of “Bubba” ads, featuring a Georgia convenience store clerk that extolled the values of the Georgia lottery. One ad featured Bubba saying, “Here in Georgia, we appreciate you South Carolinians buying our lottery tickets. Over a hundred million dollars worth in just one year! Why, you all have paid for thousands of Georgia children to go to our colleges and paid for computers in every one of our classrooms. Now come on South Carolina, don’t ruin it for us by getting your own lottery. Just remember, here in

Georgia, we love South Carolinians buying our lottery tickets” (Geddings 2001, 2). The lottery referendum passed in a landslide.

Like Georgia, South Carolina’s lottery was an education lottery, and funds were used to finance LIFE scholarships. South Carolina’s lottery proposal also had a new program, called the HOPE scholarship, that was specifically geared towards low-income students who lacked all of the qualifications to get a LIFE scholarship, but still displayed academic potential. The vast majority of the revenue from South Carolina’s Education Lottery was slated to go towards higher education. This money took the form of scholarships, grants, endowed chairs, technology assistance, and other expenditures. While it is too early to pass definitive judgment, this money does not seem to have had the desired effect of educational improvement. Of the 6,441 college freshmen who received LIFE scholarships in 2000, 50.5% of them had lost the scholarships before the start of the 2001 school year (Alongi 2002). According to the South Carolina Lottery Commission, less than 25% of lottery proceeds go to public schools lower than the college level.

To add to the problem, South Carolina’s state government has made a series of education cuts in the last few years, putting many schools in dire straits. The problem has gotten so bad that teachers have been laid off, and there has even been talk of furloughing teachers. South Carolina recently elected a governor whose primary campaign promise was to cut taxes and cut the budget, so it seems unlikely the problem will be resolved any time soon. While the South Carolina state lottery has not been in effect long enough for any comprehensive study of its economic distribution consequences to be undertaken, inferences can be made. Very little lottery revenue has gone into the public schools, and what has gone in is not enough to offset what the state legislature has taken out. The South Carolina lottery provides only one program specifically for the poor. That is the HOPE scholarship, which makes up less than 4% of total lottery educational expenditures, and the legislature is currently considering eliminating that program completely. South Carolina’s public schools have not improved since the lottery was instituted, while the lottery has pumped over 76% of its expenditures into higher education (South Carolina Lottery Commission). By doing this without any substantial effort to

aid the poor and minorities in their effort to make it to a point where they can pursue higher education, the South Carolina Education Lottery has committed itself to using money spent mostly by the poor to educate mostly children of the upper classes. South Carolina sold its lottery to its citizens partly on the strength of a vision that the lottery would help the poor attend college and better their lives. By all appearances, however, that is a vision that the South Carolina Education Lottery is not prepared to deliver.

Conclusion

When studying the data on the actual impact of state lotteries on social inequality, one cannot help but come away astonished. The fact that it is a “voluntary tax” gets the government off the hook for many practices which would be considered unconscionable if they came to pass through direct taxation. For example, imagine if a government leader came forward with a new tax plan that would take \$140.67 per year from every minority household and \$184.81 per year from all working poor households. Furthermore, the government leader would go on to say that this money would be used to give \$115.40 per year to every white household and \$383.89 per year to every upper class household. The public outcry over such a plan would be harsh and swift, and this government leader would likely not be a leader for much longer. However, these are the proven statistics of the Georgia lottery, which not only enjoys substantial support in Georgia, but is being used as the model for state lotteries across the nation. Likewise, if a politician advocated levying a 1.51 percent income tax on those earning less than \$10,000 a year, people would call him or her a cruel hearted miser with no sympathy for the Americans in poverty who are struggling to survive day to day. However, these are the real statistics in Detroit, and politicians who advocate similar lottery plans are touted as sympathetic legislators who are diligently working to help the poor receive new educational opportunities.

It cannot be reasonably said that state lotteries are a major source of the social inequality in our country. Race, education, and class are all certainly much more important factors in keeping the rich in wealth and keeping the poor in poverty. However, our country seems to be going in the wrong direction in terms of the growing gap

between rich and poor, and the trend badly needs to be reversed. State lotteries seem to be a perfect example of the type of institutions in this nation that subtly exacerbate the problem of inequality. It fits perfectly within the context of Marx's theory of class conflict, as the case could certainly be made that lotteries are merely an institution created by the rich to take money from the poor and consolidate it in the hands of the privileged. All the while, state lotteries give the poor and minorities the illusion that they have equal opportunities at educational success, and if they fail to break out of poverty it is through some fault of their own. In reality, however, these disadvantaged groups will rarely see any of the lottery revenues. Lottery revenues are consistently concentrated at the highest levels of education, where most disadvantaged students will never get. This is because the quality of the public schools is rarely improved by lottery revenues, and oftentimes becomes even worse. This means that almost without exception disadvantaged students will never get the fundamental knowledge and skills to succeed in college. Even if they do happen to meet the requirements for a lottery-sponsored scholarship, it seems highly unlikely that they will be able to sustain a 3.0 grade point average at the college level. If they fail to meet this, they will lose the scholarship and be forced to drop out of college, only marginally better off than if they had never attended college at all. Perhaps the worst part of this sequence is that the social and political leaders can then claim, "It's not our fault: we gave them a chance and they failed."

So what can be done about lotteries? The easy answer is to say get rid of state lotteries, but lotteries have become so entrenched at this point that it seems highly unlikely. There are, however, ways in which lottery funds can be used to benefit the disadvantaged and underprivileged. A fundamental shift would need to take place, with the lottery revenues being diverted from higher education to elementary education. If the lottery money was used to rebuild and improve failing public schools, it would go a long way towards helping to bring about social equality. However, this, too, seems unlikely, given how firmly entrenched the concept of lottery money for scholarships is. This system could also be tweaked to help promote social equality. Grade point average requirements could be discarded or lessened for students from underprivileged backgrounds or failing schools. Perhaps

the lottery could also be used to finance special programs for the poor or minorities where they would not be subject to the same high school achievement requirements as most scholarship programs. Another possibility is using lottery revenue to establish special college tutoring programs for students who may have the potential for college success, but not necessarily the educational background.

The overall research on state lotteries show that it is a regressive, inefficient way of raising funds that is popular mainly for its political success rather than its success in reaching concrete results. The burden of state lotteries is born disproportionately by the poor, the uneducated, and minorities. The benefits of state lotteries are disproportionately reaped by wealthy, educated whites. The net result of state lotteries is a significant exacerbation of social inequality, and the problem is spread to more and more states. The only solution seems to be to educate people on the real economic consequences of the lottery, and perhaps then citizens will stand up against what amounts to an unfair system of taxation.

Works Cited

Alongi, Paul. "LIFE Scholarships Hard to Hold," *The Greenville News* (20 September 2002), p. 15A.

Averill, David. "Lottery Not a Good Bet," *Tulsa World* (14 April 2002), Opinion.

Bobilin, Robert T. "Education and Lotteries," *Hawai'i Coalition Against Legalized Gambling Website* (2003). <www.hcalg.org/ResearchBrief-0003.htm>

Clotfelter, Charles T. and Cook, Philip J. *Selling Hope: State Lotteries in America* (Harvard University Press, 1989).

Delcour, Julie. "Bad Bet Lottery Proposal," *Tulsa World* (25 February 2001).

Gearey, Robyn. "Game of Chance," *The New Republic* (19 May 1997).

Geddings, Kevin. "How South Carolina Passed a Lottery," *Campaigns and Elections* (August 2001), p. 30.

Georgia Student Finance Commission. "Georgia's HOPE Scholarship Program" (2003). <www.gsfc.org/HOPE/index.cfm>

Grun, Lucia and McKeigue, Paul. "Prevalence of Excessive Gambling Before and After Introduction of a National Lottery in the U.K," *Addiction* 95 (2000), pp. 959-966.

McCrary, Joseph and Pavlak, Thomas J. "Who Plays the Georgia Lottery?: Results of a Statewide Survey," *Public Policy Research Series* (University of Georgia Press, 2002).

National Coalition Against Legalized Gambling. "Lottery Fact Sheet" (2002). <www.ncalg.org/facts-lottery.htm>

Nelson, Michael. "The Lottery Gamble," *The American Spectator*. (4 June 2001), p. 19.

Rubenstein, Ross and Scafidi, Benjamin. "Who Pays and Who Benefits? Examining the Distributional Consequences of the Georgia Lottery for Education," *National Tax Journal* 55 (2002), pp. 223-239.

Tanner, Gary. "Expert: Lotteries Have Pros and Cons," *Chattanooga Times-Free Press* (5 February 2002), p. A1.

Tanner, Gary. "A Lottery Vision to Fund Schools," *Chattanooga Times-Free Press* (5 February 2002), p. A5.

Walsh, James. "Why do People Play the Lottery?" *Consumers' Research Magazine* 79 (1996), pp. 22-25.