

ANTI-GAMBLING POLITICS -- TIME TO RESHUFFLE THE DECK

WHY PRIVATE CASINOS SHOULD TRUMP BUREAUCRATIC BOOKIES

Robert R. Detlefsen

EXECUTIVE SUMMARY

Legalized gambling in the United States is increasingly under attack, not only within individual states regarding its proposed expansion into new jurisdictions, but also on the national level. This August, Congress enacted legislation that establishes a commission to investigate the social and economic consequences of gambling. Despite the many forms of gambling that are currently permitted in most states, gambling opponents tend to focus on privately owned casinos — while virtually ignoring state lotteries, which remain the most popular and widespread form of legal gambling. The preoccupation with casinos is puzzling, because almost every argument that is raised against casino gambling applies with greater force to lotteries.

Those making the moral case against gambling frequently depict casino patrons as hapless victims of unscrupulous “gambling kingpins.” Their wagers, it is claimed, are born of desperation and ignorance. Yet casino patrons tend to have above-average levels of income and education. Compared to lottery players, they are less motivated by a desire to win money, because they perceive casinos primarily as forums for socializing and entertainment. State lotteries, on the other hand, cater to a segment of the population that is relatively less affluent, less educated, and disproportionately black and Hispanic. While casino advertising is restricted, lottery advertising is ubiquitous. Moreover, lottery ads generally portray the lottery as a viable means of generating income and frequently mislead people as to their chances of winning. Lottery advertising often exhibits a penchant for denigrating work, and it is calculated to appeal to minority populations and the less educated. While commercial casinos are privately owned and operated, lotteries exist exclusively as state-run monopolies. Lottery advertising campaigns are paid for by citizens’ tax dollars. Yet those who believe that the spread of private gambling activities erodes civic virtue often fail to appreciate fully the significance of the state’s own role as sponsor and operator of lottery gambling.

The economic critique of gambling rests heavily on the notion that casinos deprive other businesses of revenue. Competing successfully against other businesses, however, is what firms are supposed to do in a market economy. Protecting existing businesses by erecting legislative barriers to casino development would run counter to the interest of consumers. Implicit in the economic criticism of casinos is the view that gambling itself can yield no net benefit to society, regardless of the spending preferences of individual consumers. Opponents further claim that casinos are overrated as conduits for job creation and economic growth. As private business enterprises, however, casinos should not be regarded as having a special obligation to spur general economic prosperity.

Whatever policy decisions are made in regard to gambling, they should be made at the state level. The genius of federalism is that it permits those units of government closest to the people to respond to contentious issues in a manner that reflects local values and opinions. The newly established national gambling study commission, on the other hand, may well be used by leaders of the anti-gambling movement to assert federal regulatory authority over gambling, thereby usurping power and responsibility that properly belong to the states.

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INTRODUCTION

The recent enactment of federal legislation establishing a national commission to study the effects of legalized gambling¹ is the latest indication of a growing political backlash against gambling. Coming in the wake of widely acclaimed declarations by both the president and the congressional leadership that announced the end of "big government," this oddly timed federal intrusion into an area that has been, until now, under the exclusive jurisdiction of the states attests to the growing momentum of the organized anti-gambling movement.

The backlash against legal gambling is a direct consequence of gambling's dramatic proliferation in recent years. Rep. Frank Wolf (R-VA), a self-avowed gambling opponent and cosponsor of the gambling commission bill, emphasized gambling's rising popularity and increased availability while introducing the bill on the House floor:

Gambling is one of the fastest growing industries in the nation and is becoming America's pastime. In 1993, Americans made more trips to casinos than they did to major league ballparks. At the turn of the century, gambling was prohibited. Today, however, there are 37 state lotteries, casinos operate in 23 states, and 95 percent of all Americans are expected to live within a 3- or 4-hour drive of a casino by the year 2000. Only two states, Hawaii and Utah, forbid wagering.²

A four-part series in the *Washington Post* last March pointed out that the amount of money bet legally has exploded 2,800 percent in the last two decades, from \$17 billion in 1974 to \$482 billion in 1994.³ However, the *Post*

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¹ The commission is formally charged with investigating the social and economic effects of governmental, commercial, Indian, philanthropic and charitable gambling. It is to have nine members, with President Clinton, House leaders, and Senate leaders each making three appointments. See Public Law 104-169, National Gambling Impact and Policy Commission Act, enacted August 3, 1996.

² *Congressional Record*, January 11, 1995, p. E86.

³ Blaine Harden and Anne Swardson, "You Bet! It's the New, \$482 Billion Pastime: Legal Wagers Up 2,800 Percent Since 1974," *Washington Post*, March 3, 1996, p. A1.

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also was impressed by the rise of a potent new "anti-gambling lobby," which is "aided by press coverage that is often sympathetic."⁴ In describing the success of anti-gambling forces over the past two years in winning 21 of 23 contests waged at the ballot box and in city halls, state legislatures, and the courts, the *Post* series noted that anti-gambling activists "sell their campaigns as David-versus-Goliath struggles against corporate outsiders bent on squeezing money from the community."⁵

The leaders of the anti-gambling movement variously cite moral as well as economic reasons for their opposition to gambling. Indeed, many cite both rationales, as if they were mutually reinforcing. The moral case against gambling, however, is quite distinct from the economic case. If the controversy surrounding gambling is to approach the level of a coherent policy debate, the two cases need to be evaluated separately. Accordingly, this paper first examines the moral argument against legal gambling and then focuses on the economic critique. It concludes by applying principles of federalism to the issue of whether gambling policy should be set at the national or state levels of government.

A particularly striking characteristic of the anti-gambling movement is that while its leaders inveigh against "gambling" -- a term that properly encompasses a variety of activities including pari-mutuel betting at horse and dog racing tracks, charity bingo, state lotteries, and casino gaming -- their most immediate objective is to halt the spread of new casinos, and even to shut down those that already exist.⁶ The movement, it seems, has a special animus against casinos.⁷

⁴ Blaine Harden and Anne Swardson, "High Stakes Ride on Casino Growth: Grass-Roots Opponents Stall Big Businesses' Bids to Expand," *Washington Post*, March 6, 1996, p.A1.

⁵ Ibid.

⁶ There are at present two predominant types of gambling casinos in the United States: commercial casinos, which are typically owned and operated by publicly held corporations such as Bally Entertainment, Mirage Resorts, Circus Circus Enterprises, MGM Grand, and Harrah's Entertainment; and Indian casinos, which are owned and operated by discrete Indian tribes and whose operations are geographically confined to tribal reservations.

⁷ With that in mind, and also because of the high visibility and rapid growth of commercial casinos, this paper concentrates on those types of casinos and does not discuss other forms of private gambling, such as pari-mutuel betting and charity bingo. Also beyond the scope of this paper is the recent phenomenon of casino-style games in non-casino settings -- the introduction, in several jurisdictions, of games such as video poker and slot machines into bars, restaurants, race tracks, truck stops, and retail outlets.

The growing incidence of these "hybrids" raises a definitional problem: When is a private commercial establishment that offers gambling a "casino" and when is it not one? This paper uses the term "casino" in a manner consistent with its common, traditional usage. It thus denotes a Las Vegas-style emporium which features a variety of games of chance and whose primary business consists of offering such games to the general public.

When one considers the particular objections to legal gambling that are typically raised by anti-gambling forces, a much stronger case can be made for limiting or abolishing state-owned lotteries. To the extent that the organized opposition to gambling targets privately owned casinos while acquiescing in the persistence of state-sponsored gambling (viz., lotteries), legitimate questions arise concerning the possible motivations of the anti-gambling forces. Indeed, a principled anti-gambling movement will acknowledge that state lotteries represent the most problematic form of legalized gambling, while recognizing that casino gambling is comparatively benign.

THE MORAL CASE AGAINST GAMBLING

Today's moral crusade against gambling stems in large part from an overriding concern with improving the quality of America's "civic culture." Public opinion surveys indicate that many Americans believe that their country is suffering from a coarsening of public manners and morals. The theme of cultural decay is reflected in the speeches of politicians, and in the writings of pundits and opinion leaders of nearly every ideological persuasion. Everyone, it seems, is especially worried about the toll that cultural decay is taking on America's youth. The call for a return to "family values," initially a rallying cry of religious conservatives, has lately been echoed by neoconservatives and liberals as well. Rep. Wolf, in addition to cosponsoring the gambling commission act, has insisted that the Republican Party cannot simultaneously be "pro-family" and "pro-gambling."⁸

Civic Virtue, Government Paternalism, and State-Sponsored Gambling

Even if one ignores the impact of purely religion-based opposition to gambling, it is easy to see how gambling could be regarded as out of sync with attempts to resuscitate traditional civic virtues such as prudence, thrift, the work ethic, and personal responsibility. Yet despite their insistence that each person must accept responsibility for his own behavior, those who make the moral case against gambling tend to focus their critical scrutiny far more on the purveyors of gambling than on the gamblers themselves. Accordingly, people who choose to gamble are not really held accountable for the personal consequences of their actions. Rather, opponents of gambling would have the state "protect" them and their families by depriving them of the opportunity to gamble.

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⁸Letter to Haley Barbour, chairman of the Republican National Committee, quoted in Larry Witham, "Casinos' 'New Economy' Ups the Anti," *Washington Times*, October 27, 1995, p. A2.

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Gamblers may be weak-willed, but that, we are told, is because they are disproportionately poor and poorly educated. "As millions of marginalized workers and their families have seen their incomes stagnate and the link weakened between effort and success," observe William A. Galston and David Wasserman, "many have grown inclined to give increased weight to the role of luck or fate in determining social outcomes."⁹ Understandably, such people are easily duped by meretricious advertising, in which "the cynical dream of cashing in on luck and happenstance is constantly dangled in front of the citizens."¹⁰ Gambling opponents further argue that, as the moral stigma once associated with gambling is eroded by the gradual disappearance of legal prohibitions against gambling, a pervasive "culture of gambling" is being formed, into which growing numbers of young people are recruited.¹¹ Under such circumstances, opponents are not content merely to encourage abstinence among those who might be tempted to partake of legalized gambling. Only a prohibition policy -- which would aim to eliminate outright the opportunity to gamble legally -- will suffice.

Those advancing the moral argument against gambling concentrate almost exclusively on casinos. This narrow focus overlooks two key points. First, although they constitute the fastest growing segment of the gambling industry,¹² casinos on average are not nearly as profitable, nor are they anywhere near as geographically widespread, as state lotteries. Second, while casinos are privately owned and operated, lotteries are creatures of the state. In the United States, unlike more than 100 other countries that have legal lotteries, the government maintains an absolute monopoly over lottery

⁹William A. Galston and David Wasserman, "Gambling Away Our Moral Capital," *The Public Interest*, Spring 1996, p. 59.

¹⁰Bob Greene, "Compulsive Gamblers: U.S. Cities, States Betting Their Futures," *Chicago Tribune*, August 7, 1996, p. C1.

¹¹According to gambling critic Robert Goodman, increased access to legal gambling is fueling a larger cultural trend that celebrates "financial speculation" and a "new culture of chance." The sinister implications of this trend affect the outlook and behavior of even the very young:

Even children are socialized into this culture. By the age of ten, many already know about speculating in old baseball cards, comic books, or Barbie dolls. They have learned that they might score big by holding on to a new rookie card or a comic book that could someday become as valuable as an old Mickey Mantle card or first-edition Superman comic book is today.

See Robert Goodman, *The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion* (New York: Martin Kessler Books, 1995), p. 152.

¹²From 1994 to 1995, revenue from traditional lottery games grew 7.0 percent while revenue from commercial casinos grew 17.2 percent. See Eugene M. Christiansen, "The United States 1995 Gross Annual Wager," *International Gaming and Wagering Business*, August 1996, p. 68.

gambling. From the perspective of anyone opposed to gambling on moral grounds, what could be worse than the state organizing and profiting from an activity that is corroding the moral fiber of its citizens? Should a state operate a business enterprise which many of its citizens oppose on moral or religious grounds?¹³ Other issues raised by the moral critique of legal gambling also have particular relevance to state lotteries.

Race, Class, Education, and Gambling

Consider first the much-repeated claim that gambling disproportionately caters to people who are relatively poor and uneducated. It turns out that this is quite true of lottery players, but not of casino patrons. The latter tend to have above-average incomes and levels of education. Moreover, in light of charges that gambling hurts families, it is worth noting that casino patrons are less likely than lottery players to have dependent children. A demographic profile of casino gamblers in the Washington, D.C. metropolitan area offers a glimpse of the kind of person who does -- and does not -- visit casinos. According to Michael J. Weiss, casino gamblers there "tend to be suburban couples with good jobs and grown children. Whites, Hispanics, and Asian-Americans frequent gambling casinos at higher rates than Blacks. Bettors tend to be over 50 with tweedy tastes, fond of theater, classical music, books, and European travel."¹⁴ The profile of the non-casino gambler is no less interesting: "The fewest casino gamblers live near military bases ... where large families with modest incomes have neither the time nor the money to roll the dice"¹⁵

A study conducted in 1994 by the Mississippi State University Social Science Research Center revealed a striking correlation between educational level and casino gambling: as the educational level of Mississippians increased, so did the percentage of casino gamblers. "There was such a nice step up from level to level. It is not often data fits that nice of a pattern," remarked the Center's director, Arthur Cosby.¹⁶

The personal characteristics of lottery gamblers are markedly different from those of casino gamblers. Studies have repeatedly confirmed that

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¹³A version of this question has been raised historically in the context of citizen dissent from a government policy to wage war. But the usual justification offered there, citing the imperatives of national defense, would hardly seem germane to a government's decision to own and operate a nonessential business enterprise such as a lottery.

¹⁴Michael J. Weiss, "Who Likes to Gamble? Couples With No Little Kids, Big Paychecks," *The Washingtonian*, August 1995, p. 9.

¹⁵Ibid.

¹⁶Arthur Cosby, director of the Mississippi State University Social Science Research Center, quoted in "Educated Mississippians More Likely to Enter Casinos," Associated Press, October 24, 1994. The study found that 51 percent of those with some graduate degree work had gambled in casinos, while only 20 percent of those with less than a high school education had done so.

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lottery players are disproportionately less educated, less affluent, more working class, and more black and Hispanic than their casino-gambling counterparts. For example, a *Los Angeles Times* survey of Californians that sought to determine the occupational characteristics of that state's lottery players found that those most likely to play were "laborers," who participated at a 46-percent rate. "Advanced professionals," by contrast, had a 25-percent participation rate.¹⁷

An examination of the educational level of lottery players found that the "proportion of adults who participate [in state lotteries] drops from 49 percent for those with less than a high school education to 30 percent for those with a college degree.... [This] association contrasts with that for gambling in general."¹⁸ Similarly, a 1982 study of the New Jersey lottery found that persons with less than a high school education were overrepresented among the winners of every game offered. Conversely, people who had attended college were underrepresented for each of the games.¹⁹

Race, too, has been statistically correlated with lottery play. Hispanics in the metropolitan Los Angeles area are twice as likely as whites to bet at least five dollars a week on the state lottery.²⁰ In New York, non-whites, who constitute 16.4 percent of the population, account for 24 percent of lottery winners. Non-whites constitute 14.6 percent of New Jersey's population, but they are 17 percent of that state's lottery players.²¹ The "daily game," a lottery contest modeled after the illegal numbers game long popular in the inner city, draws especially heavy play from African Americans. A Maryland study found that 61 percent of blacks in that state had played the daily game within the last 30 days, compared to 24 percent of whites.²² Overall, blacks spent \$4.50 more per week on the lottery than whites.²³

With respect to income level, it is important to note that, while lottery players are not as affluent as casino players, neither are they disproportionately poor. A 1987 study by John L. Mikesell and C. Kurt Zorn concluded that "the lottery is a game which appeals to a wide spectrum of the population but primarily to middle-income groups."²⁴

¹⁷Charles T. Clotfelter and Philip J. Cook, *Selling Hope: State Lotteries in America* (Cambridge, MA: Harvard University Press, 1989), p. 98. The figures represent the authors' calculations based on unpublished data from *Los Angeles Times* Poll, no. 103, March 1986.

¹⁸*Ibid.*

¹⁹John Koza, "Comparative Demographics of Six Lottery Products," *Public Gaming Magazine*, June 1982.

²⁰Clotfelter and Cook, p. 98.

²¹Illinois Economic and Fiscal Commission, *The Illinois State Lottery: A Special Report*, 1986, p. 31.

²²Clotfelter and Cook, p. 98.

²³*Ibid.*, p. 103.

Of all the personal characteristics considered above, none is more closely correlated with lottery play than educational level. Gambling in general *increases* with education. Surveys conducted in 1944 and 1975 showed that the more formal education one has, the more likely one is to participate in gambling.²⁵ Lotteries are most popular among the less educated. The better educated tend to avoid them in favor of other forms of gambling. Surveying the data available as of 1989, Charles T. Clotfelter and Philip J. Cook concluded that "it is clear that lotteries appeal to a less well-educated clientele than most other forms of gambling."²⁶ We may plausibly infer several reasons why lotteries attract less-educated people.

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The reasons why better-educated people avoid lotteries are not hard to fathom. Sophisticated gamblers know that the odds of winning for lotteries are far worse than they are for most other forms of gambling. That knowledge, combined with the failure of lotteries to provide entertainment in the form of game-playing and socializing, would explain why the better educated tend to prefer other forms of gambling. For people who understand that their chances of winning a significant sum of money from *any* form of gambling are not good, but who choose to gamble anyway because they regard games of chance as a form of entertainment, lotteries have little appeal.

But for people with little education, playing the lottery may appear to offer much. Lacking a developed sense of the abstract reasoning needed to grasp concepts such as statistical probability, the poorly educated will tend to disregard the relatively low odds for success in the lottery and see it instead as a viable method for generating income. As psychologist Patricia Lawson puts it:

With the lottery, what happens is that people have a hard time conceptualizing numbers. A chance of 1 in 24 million doesn't mean anything. But when they see on TV Saturday night somebody being handed a check for \$6 million, a kind of magical thing evolves. "My God, that could be me!" It's like the reverse of the plane crash, where someone says, "Oh my God, that could be me," despite the odds.²⁷

Although lottery players are not disproportionately poor, the poor who do play lotteries spend a higher percentage of their income on lottery tickets than do high-income groups.²⁸ Far from discouraging play among

²⁴John L. Mikesell and C. Kurt Zorn, *Another Look at the Structure and Performance of State Lotteries* (Bloomington, IN: Indiana University Press, 1987), p. 34.

²⁵Clotfelter and Cook, p. 97.

²⁶Ibid.

²⁷Patricia Larson, quoted in Sandeep Mangalmurti and Robert Allen Cooke, "State Lotteries: Seducing the Less Fortunate?" *Heartland Institute Policy Study*, April 23, 1991, p. 15.

Far from discouraging play among low-income groups, those who manage state lotteries often seek to appeal specifically to them through advertising

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low-income groups, those who manage state lotteries often seek to appeal specifically to them through advertising. Moreover, further examination of the more common lottery advertising strategies reveals that they often prey upon the vulnerabilities of the less educated.

Advertising and Gambling

In every state where casinos are allowed, public advertisements for casinos are strictly regulated. Indeed, in many jurisdictions, casinos are flatly prohibited from advertising the gambling component of their operations. Lottery advertisements, by contrast, are ubiquitous in nearly all of the 38 states that run lotteries.²⁹ These ads tend to emphasize directly one reason why people should play the lottery: the prospect of winning a fortune. Government-sponsored advertisements appear in nearly every mass medium (e.g., television, radio, daily newspapers, and billboards) and are notorious for encouraging working-class people to regard the lottery as a viable way to make money -- and to escape from what the ads sometimes depict as dreary, dead-end jobs.

Thus, one lottery ad featured a vendor at a sporting event who thinks to himself, "If I win Pick-6, I won't have to do this anymore."³⁰ A billboard located in a crime-infested, impoverished neighborhood on Chicago's South Side displayed an Illinois lottery ticket with a caption that read simply: "This could be your ticket out."³¹ The ad did not merely fail to disclose the statistical improbability of such good fortune. It also revealed that the state was deliberately pitching its lottery to those least able to afford the luxury of gambling, and in a way calculated to appeal to the very anguish and desperation brought on, arguably, by the failure of other state policies.

Choices of advertising venue by state governments further demonstrate that lottery advertisements are designed to appeal to the less educated. Lottery ads are conspicuously absent from publications and broadcast media that cater to people who are relatively well educated. One searches in vain for a lottery advertisement in newspapers such as the *New York Times* or the *Wall Street Journal*, but such ads are plentiful in ethnic and mass-circulation

²⁸Ibid.

²⁹In general, the Federal Communications Act of 1934 prohibits the advertising of games of chance on radio and television. It does, however, allow advertising of "multiple-use" facilities that offer non-gaming facilities and entertainment (e.g., hotels, restaurants, and live shows) in addition to gambling, provided that such advertising does not mention the establishment's gambling activities. The Act effectively prohibited lottery advertising until 1988, when it was amended by Congress to exempt advertising of state lotteries, charitable gambling, and gambling on Indian reservations. See 18 U.S.C. Sec. 1304; as amended, see 18 U.S.C. Sec. 1307. In addition, commercial casino advertising is subject to regulation by the states.

³⁰Alan J. Karcher, *Lotteries* (New Brunswick, NJ: Transaction Press, 1989), p. 77.

³¹Neal Pierce, "Lotteries Are Getting Serious And Crazy," *Cleveland Plain Dealer*, May 9, 1989.

newspapers. Similarly, one can hear radio ads for the lottery on stations with a rhythm-and-blues format, but not on stations that play classical music.³²

Even when lottery advertisements disclose the odds of winning,³³ they employ beguiling slogans and catchphrases that, in essence, flatly contradict the truth about the probability of winning. Lottery ads that proclaim "Everyone is a winner," or "All you need is a dollar and a dream" -- when in fact the odds of winning a lottery jackpot are generally on the order of 12 million to one³⁴ -- can only be aimed at the least sophisticated among us.

Although emphasizing the difference in educational level between lottery players and casino aficionados (and the disparate cognitive capacities that such differences usually imply) may seem condescending, remember that a central tenet of the anti-gambling movement is that people need protection from the supposed depredations of "the gambling interests." Rather than relying on moral suasion alone to encourage abstinence, the anti-gambling movement seeks instead to prevent people from gambling by enlisting the coercive power of the state to stop the spread of casinos. Notwithstanding the movement's preoccupation with casinos, the element in the population that needs this kind of paternalistic supervision, if any, is arguably the very group that is naturally attracted to lotteries. Yet this is precisely the cohort that state lottery managers aggressively attempt to recruit.

Lotteries, Casinos, and Community

Promoters of civic virtue should note that people rarely visit casinos alone. They arrive with spouses, friends, or associates from clubs and fraternal organizations. Once inside, they become part of a face-to-face, interactive community, especially those who favor the traditional casino table games. Even sitting among the rows of slot machine players offers more opportunities for interpersonal contact than one gets while watching television at home (which surveys indicate most casino patrons would be doing if they were not visiting a casino). To be sure, playing games of chance at a casino may not conjure up the communitarian images of, say, the Amish community's barn raising in the movie *Witness*. Nevertheless, writer Gerri Hirshey describes the bonhomie that she observed during her visits to casinos: "By and large, people [at casinos] are friendlier than they are at airports, bars, and even some churches I've been to. It is startling how many life stories tumble out between spinning reels [of slot machines]."³⁵

³²Karcher, p. 80.

³³According to one study, only 20 percent of all lottery advertisements list the odds of winning. See D. Cordtz, "Betting the Country," *Financial World*, February 20, 1990, pp. 23-26.

³⁴Mangalmurti and Cooke, p. 14.

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The casino industry maintains that, for most people, a visit to a casino is much like a visit to a theme park. They go for the entertainment, which derives from the overall experience that such places afford. This includes an aesthetically unusual and appealing physical environment, a variety of attractions (not all of which, in the case of casinos, involve gambling), and the opportunity to enjoy the company of friends and strangers alike during a period set aside for leisure and recreation. In Kansas City, Missouri, which is home to four riverboat casinos, the proprietor of a local dating service says “we are more consistently hearing people say they are spending more time at the casinos” to meet and mingle with other singles.³⁶

Like theme parks, shopping malls, airports, and oceanfront boardwalks, casinos promote spontaneous sociability, a trait that has been linked to mutual cooperation, respect, and prosperity by writers such as Francis Fukuyama³⁷ and Robert Putnam.³⁸ Indeed, Putnam’s now-famous lament over the increasing tendency of Americans to go “bowling alone” would seem to have relevance here. While casino patrons tend not to gamble alone, lottery players essentially gamble alone most of the time. Playing the lottery is a decidedly asocial act. After one pays a convenience store cashier for the ticket, playing the lottery becomes a largely solitary pursuit. Indeed, even to speak of “playing the lottery” is misleading, for there is no element of play involved in the act of buying a ticket and waiting for the winning numbers to be announced. Casino gambling, on the other hand, offers a smorgasbord of interactive games in which the only way to participate is to *play* -- employing strategy, skill, patience, and of course, luck.

So why aren’t lotteries the primary target of those who oppose gambling on moral grounds? Partly because casinos are relatively new and on the increase, whereas state lotteries have existed for decades and are in many states firmly entrenched. However, when one considers that legalized abortion is still hotly debated despite being constitutionally protected for more than two decades, the relative longevity of state lotteries alone cannot account for their virtual exemption from the moral argument against gambling. Solving this puzzle may be easier if we consider the likely motivations of the anti-gambling coalition, and here it is useful to distinguish between citizen activists and politicians.

³⁵Gerri Hirshey, “Gambling Nation,” *New York Times Magazine*, July 17, 1994, p. 54.

³⁶Darin Davis, owner of Together Personal Introduction Service, Inc., quoted in Rick Alm, “Taking a Chance on the Boats,” *Kansas City Star Magazine*, June 30, 1996, pp. 10-11.

³⁷See Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995).

³⁸See Robert D. Putnam, “Bowling Alone: America’s Declining Social Capital,” *Journal of Democracy* 6 (1995), pp. 65-78.

Citizen activists, many of whom are religiously motivated, may be more opposed to casinos than to lotteries because of some of the very characteristics of casinos alluded to above. The openness of casino gambling -- the fact that gambling occurs in a highly social and public environment -- and its unabashed promotion as "entertainment" may conjure up an image of the proverbial "den of iniquity" of religious lore. Playing the lottery, by contrast, is a relatively discreet, private act that does not in itself contribute to one's entertainment or pleasure. Only winning has that effect, and the experience of winning takes place out of public view. In short, casino gambling may be seen as especially dangerous and distasteful precisely because it is both less discreet and more fun than playing the lottery.

The reasons that lie behind the reticence of most anti-gambling politicians regarding the subject of state lotteries are probably more straightforward. Consider the case of Ohio governor George Voinovich, who has mounted an ostentatious campaign to prevent the introduction of casinos in his state. Voinovich presides over a state lottery that collected \$617 million in 1994. Casinos, however, are "a different bird," according to the governor. So different, apparently, that he has assailed casinos alone as "a disaster for our families," and "a threat" to "my flock," which, interestingly, is how Voinovich refers to Ohio residents when addressing the casino issue.³⁹

As noted, there is no principled moral argument against casino gambling that could not be made with equal or greater force against state lotteries. For Voinovich, however, training his moral fervor on the Ohio lottery would mean killing a lucrative source of state revenue, which would force him to either raise taxes even higher or cut spending. Presumably he would also have to dismantle the government bureaucracy that manages the lottery. Rather than make those difficult and less popular choices, Voinovich can pose as the benevolent protector of his flock by noisily crusading against casinos. He can also use his political clout to protect a state business enterprise from the threat of private-sector competition.

Moreover, to the extent that popular anti-gambling sentiment is concentrated among religious conservatives, attacking casinos is an expedient way for politicians to court this important bloc of voters.⁴⁰ That would appear to be an especially attractive strategy for a pro-choice Republican governor such as Voinovich. Unlike other issues that are important to religious conservatives (such as abortion and school prayer), a politician does not risk antagonizing an opposing bloc of voters by adopting the position of many

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³⁹ Alan Johnson, "Casinos Would Hurt Families, Governor Says," *Columbus Dispatch*, May 4, 1996, p. 1E.

Casinos provide convenient targets for politicians who wish to placate anti-gambling constituencies while preserving their lucrative revenue from state lotteries.

religious conservatives on the casino issue. In all likelihood, opposition to casinos among voters will be more intense than support for casinos, even though supporters may well outnumber opponents. Crusading against casinos will not cause a politician to lose a significant amount of popular support, but such a campaign can only improve his standing among religious conservatives and others strongly opposed to gambling. The point here is not to suggest that Governor Voinovich is unusually venal or hypocritical; it is rather to suggest that such behavior would make sense for any politician in his position.

In summary, the moral argument against legalized gambling is much stronger when applied to state lotteries than to commercial casinos. Relative to casinos, lotteries cater to a clientele that is less affluent, less educated, and more likely to include a disproportionate percentage of racial minorities. Individuals who play state lotteries generally are engaged in the pursuit of a cash bonanza. Casinos, on the other hand, can provide an amiable social milieu as part of an entertainment experience that transcends the mere prospect of a winning wager. Finally, state governments themselves organize and profit from lotteries, and they actively promote them through aggressive and arguably misleading advertising campaigns. Casinos, by contrast, are barely permitted to advertise at all. Nevertheless, casinos provide convenient targets for politicians who wish to placate anti-gambling constituencies while preserving state lotteries as lucrative sources of revenue.

THE ECONOMIC CASE AGAINST GAMBLING

Although the moral and economic components of the argument against legalized gambling can be analyzed separately, there are areas where the two inevitably overlap. The alleged increase in the number of "problem gamblers" that supposedly results from the spread of legalized gambling is one example. The tragedy of a person who loses his savings and is plunged deeply into debt through compulsive gambling is, from the standpoint of any civilized society, a moral problem, but also an economic problem -- not least because the state is obliged to provide assistance in the form of welfare

⁴⁰While many opponents of legal gambling are religious conservatives — and the putative leaders of the Christian evangelical movement are among the most vocal opponents — this does not suggest that all religious conservatives are opposed to casinos. A poll taken by evangelical pollster George Barna found that only 28 percent of "born again" Christians believe casinos should be illegal in the United States. See Ronald A. Reno, "Gambling with America," *Christian American*, July/August 1996, p. 25.

payments and social services.

The causes, consequences, and extent of compulsive gambling are elements of a complex phenomenon that awaits further research. We may note in passing that the rise of America's modern consumer culture -- whose most emblematic symbol is the credit card -- has been accompanied by a growing incidence of personal bankruptcy filings, credit counseling services, "shop-oholic" workshops, and numerous other indicators of consumer pathology. Thus, when some people manage to get themselves into financial difficulty through gambling, their plight ought to be examined within this larger social context. It may well be that compulsive gambling is merely one among many forms of dysfunctional spending behavior in which some people engage. If we should decide that public policies are needed to deal with "problem gamblers," it is hard to see why government should not also concern itself with those who overindulge on credit cards, shopping malls, luxury automobiles, and so on *ad infinitum*.⁴¹

Problem gambling and its attendant costs are not the only concerns driving the economic critique of legal gambling. Let us examine three other salient themes of the economic-based case against legalized casino gambling.

Casinos, Lotteries, and the Substitution Effect

There is by now a good deal of anecdotal as well as statistical evidence to suggest that legalized casino gambling leads to job creation, enhancement of tax revenue, and the revitalization of depressed local economies.⁴² The economic case against casinos holds nevertheless that the economic benefits generated by casinos are exaggerated at best, and may even mask a net economic loss in those jurisdictions where casinos are permitted to operate.

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⁴¹Gambling is certainly "risky," but so, too, are a host of other recreational activities (e.g., skiing, scuba diving, drinking) — in the sense that one can "lose" when one engages in the activity. However, it appears that people can gain value from "risk" itself and thus the categorization of an activity as risky does not require automatic stigmatization. Perhaps the most problematic aspect of legalized gambling is that it may create major externalities — that is, a society that encourages the spread of gambling activities may increase the incidence of addictive behavioral pathologies. Gambling activities generally are seen not just as addictive in the sense that it is "costly to cease participating" in them. (Even enthusiasts of sailing, golf, and model trains would face that problem.) Rather, gambling is seen by many as more akin to alcohol, smoking, and drug use in the sense that certain individuals who participate in the practice then find it psychologically, if not physically painful to drop out. Whether such addictive problems can be addressed effectively by prohibition (making the activity illegal) and whether state lotteries are more or less likely than private gaming to create such problems are not addressed in this paper. These issues, of course, warrant further study and comment.

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The substitution effect is predicated upon the false assumption that personal disposable (or after-tax) income remains fixed over time.

A leading exponent of the worst-case view of the economic impact of casinos is Robert Goodman, author of *The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion*.⁴³ One element of his critique stands out as a particularly formidable challenge to the view that casinos are good for local economies. Goodman invokes the so-called "substitution effect," in an attempt to discredit the notion that casinos inject cash into local economies by encouraging people to increase their personal spending. The substitution effect holds that every dollar spent on A is a dollar that would otherwise have been spent on B, if only A had not been available to the consumer. Accordingly, when casino gambling is introduced in, say, St. Joseph, Missouri, or Joliet, Illinois, every dollar's worth of revenue generated from gambling is necessarily a dollar that has been withheld from some other business. Goodman concedes that, as long as gambling draws customers from other states and localities, the substitution effect will be offset by the infusion of new spending (that, after all, is what happened in Las Vegas). However, he claims that eventually, as gambling enterprises proliferate around the country, their customer base will increasingly consist of local residents, as it becomes unnecessary for people to travel long distances to gamble. At that point, the substitution effect kicks in, "cannibalizing" local businesses.

The substitution effect, however, is predicated upon the false assumption that personal disposable (or after-tax) income remains fixed over time. Actually, the economic pie tends inexorably to expand, and with it, per capita disposable income. Market economists understand that, for every incremental increase in disposable income in the U.S., there occurs an even larger percentage increase in discretionary spending -- including spending on recreation and leisure activities. The implication for the validity of the substitution effect is clear: the availability of more disposable income means that new forms of entertainment (such as casino gambling) can coexist with, and need not supplant, existing forms of entertainment. To the extent that existing forms of entertainment suffer a decline in revenue, this more likely reflects a change in consumer tastes than any iron law of "substitution."

Invocation of the substitution effect in this context not only presumes a static, zero-sum economy in which no business can grow except at the expense of other firms. It mistakenly implies that certain types of commercial activities, such as casino gambling, create no new "real" wealth and provide no "tangible" products of value. That view overlooks the key point that all voluntary economic exchanges presumably are intended to improve the positions and advance the preferences of *both* parties (in other words, improve their social welfare). That the gains from such exchanges (particularly

⁴²"Not So Small Change," *Los Angeles Times*, March 26, 1986, p. 4.

⁴³Lynn P. Clayton, "An Incredibly Strong Argument Against A State Lottery," *The Baptist Messenger*, April 10, 1986, p. 4.

in a wealthier, service-oriented economy in which a greater portion of disposable income is consumed for recreational activities) are not easily quantifiable in every case is beside the point. After all, the only true measure of the value of entertainment-oriented goods and services in the diverse U.S. economy ultimately remains in the spending preferences expressed by individual consumers.

Even if one is persuaded of the validity of the substitution effect as applied to casinos,⁴⁴ state lotteries also should be subjected to a similar kind of analysis. Thus, while casino opponents point to the dollars supposedly usurped by casinos from restaurants and hotels, a balanced analysis must likewise examine which purchases are foregone by lottery players. There is evidence that sales of food and miscellaneous items have declined at some retail outlets where lottery tickets are sold. In 1986, the California Grocers Association surveyed 1,200 stores and found that two-thirds reported a decline in food sales since the California Lottery began.⁴⁵ One California grocery store chain in particular, Holiday Quality Food Stores, experienced a 10-percent decline in profits since it began selling lottery tickets. While it sold \$1 million worth of lottery tickets, food sales declined by a similar amount.⁴⁶

Of course, the decision of consumers to prefer one commodity over another (in this case, lottery tickets over food items) generally should not be subject to government restrictions. Yet from the standpoint of those who regard the substitution effect as a serious economic problem that warrants government intervention, there would appear to be much cause for alarm over the possibility that middle- and working-class individuals are substituting lottery tickets for food. By contrast, worrying that relatively affluent individuals will visit casinos in preference to non-casino hotels and restaurants smacks of little more than a desire to selectively shield certain enterprises from would-be competitors in the marketplace.

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⁴⁴One member of Congress who is so persuaded is Rep. Wolf. While introducing his bill to establish the national gambling commission on the floor of the House, Wolf flatly declared:

Income spent on gambling is not spent on movies, clothes, recreation services, or other goods or services. Gambling cannibalizes other business such as restaurants.

Congressional Record, January 11, 1995, p. E86.

⁴⁵"Not So Small Change," *Los Angeles Times*, March 26, 1986, p. 4.

⁴⁶Lynn P. Clayton, "An Incredibly Strong Argument Against A State Lottery," *The Baptist Messenger*, April 10, 1986, p. 4.

Worrying that relatively affluent individuals will visit casinos in preference to non-casino hotels and restaurants smacks of little more than a desire to selectively shield certain enterprises from would-be competitors in the marketplace.

The temptation to resort to protectionist policies is always strongest among those who have an interest in sustaining the businesses whose survival is threatened by new forms of competition. Once indulged, however, there is no logical endpoint to the protectionist impulse. For example, is it not true that every dollar spent on food served in restaurants is a dollar not spent on food sold at retail grocery stores? If we are willing to protect restaurants from competition with casinos, why should we not also protect grocery stores from competition with restaurants?

Gambling as a Form of Economic Exploitation

Although it has decidedly moralistic overtones, we may also regard as an element of the economic case against gambling the notion that legalized gambling amounts to nothing more than a crude system of exploitation. Here again, casinos appear to take the brunt of criticism. In the words of Governor Voinovich, casino gambling constitutes a “transfer tax that takes money from the pockets of people who can least afford it and transfers it to the gambling kingpins.”⁴⁷ But, as noted earlier, the classification of casino patrons as “people who can least afford it” cannot readily be reconciled with the demographic data that currently exist. On the other hand, states do quite deliberately focus their lottery advertising campaigns on “people who can least afford” to gamble.

Voinovich’s use of the word “tax” is also significant, because it helps to create the image of an exploitative transaction. One is exploited when one is forced, without justification, to surrender one’s labor or property for someone else’s benefit. Paying a tax represents a coerced surrender of one’s property, and it is generally regarded as exploitative if the system of taxation is very regressive or if it is enacted in contravention of democratic procedures (i.e., “without representation”). Voinovich is claiming that casino gambling is a regressive tax. But gambling in any form -- casino, lottery, or otherwise -- is not a form of taxation because it is undertaken voluntarily, without coercion. Precisely because those who gamble freely choose to do so, it makes little sense to regard gamblers (even those who are poor or lack a college education) as any more exploited than the consumers of other products.

Governor Voinovich also mischaracterizes casino gambling as an economic transaction that simply transfers wealth from hapless bettors to “gambling kingpins.” If Voinovich’s theory is correct, we would expect that most of the money that is bet in casinos ends up in the bank accounts of the casino owners. The reality, however, is quite different: For every \$100 that casinos take in from wagers on craps and roulette, they disburse \$95 to those

⁴⁷Johnson, p. 1E.

who place winning bets on those games. Slot machines and horse racing pay out \$85 in prizes for every \$100 that is bet. Now consider the revenue-to-prize ratio for state lotteries: for every \$100 that they take in, lotteries pay just \$50 in prizes.⁴⁸ As vehicles for transferring wealth from players to “owners,” state lotteries are considerably more efficient than casinos.

Where casino gambling is concerned, the “transfer” of wealth that occurs is mostly from (unsuccessful) bettor to (successful) bettor. Bear in mind that, over the course of several bets, the unsuccessful and successful bettor will usually be one in the same person. At the end of the day, only a relatively small portion of private gambling revenue -- from five percent to 15 percent⁴⁹ -- is not returned to customers. (Net profits to casino company shareholders are smaller, of course, because they are reduced further by operating expenses and taxes.) For state lotteries, however, fully half of the money bet by lottery players remains in the coffers of the state governments that operate them. Notwithstanding politicians’ claims that lottery revenues fund important government programs, the “gambling kingpin” epithet most aptly characterizes not the privately owned companies that operate casinos, but those same politicians who preside over state lotteries.

Gambling and Economic Growth

A more limited economic critique of legalized gambling focuses on the failure of casinos to generate sufficiently impressive economic growth in the communities into which they are introduced. Part of the problem here appears to stem from the casino industry’s passive submission to a political environment that simply demands far more of it than it does of any other commercial enterprise, including state lotteries. The industry apparently accepts the proposition that, *as a condition of being permitted to do business*, it must create jobs, increase per capita income, and generate enormous tax revenues (thus becoming a major financier of government programs ranging from public schools to welfare). Eager to win the necessary permission which, depending on the state, may be granted either by legislators or voters, casino entrepreneurs promise more of those good things than they are sometimes able to deliver. Predictably, this leads to recriminations when the economic growth that was supposed to flow from casino development falls short of expectations. The spurts of economic growth that have been experienced by a number of once-troubled communities following the

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⁴⁸Mangalmurti and Cooke, p. 19. A more recent account of revenue-to-prize ratios reports even higher disparities between casino games and state lotteries. According to Olaf Vancura, 98 percent of revenue derived from craps is returned as prize winnings. The figure for blackjack is 97 percent; for roulette, 95 percent; for slot machines, 95 percent; for lotteries, 50 percent. See Olaf Vancura, *Smart Casino Gambling* (San Diego, CA: Index Publishing, 1996), p. 25.

⁴⁹Ibid.

introduction of casinos⁵⁰ have no doubt fueled the belief that casinos have a singular capacity to work economic miracles.

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The situation of state lotteries is much different. The principal economic difference between lotteries and casinos is that lotteries promise so little, while casinos promise so much. Although lotteries may promise hundreds of millions of dollars in state revenue, casinos are expected to contribute handsomely to state revenues as well,⁵¹ plus provide social goods, such as job creation and the revitalization of depressed economies, that many years of government-directed development programs have failed to produce. The economic argument against casinos frequently takes the form of a declaration that casinos are not a "panacea" for the economic problems faced by states and local communities. Of course this is true. The mistake was in assuming that they could or should be.

The prevailing attitude toward casinos represents the most extreme form of the "socially responsible" business model currently extant in the United States. Among politicians especially, there seems to be a widely held assumption that gambling enterprises should not be allowed unless they can prove that they will provide significant public benefits. Since state lotteries are assumed to have met this test, it follows that private gambling enterprises must meet a similar set of expectations. The ostensible reason for holding private gambling enterprises to a standard that is applied to no other commercial industry is that gambling is part of a small and unique set of business enterprises that deal in products that many regard as unseemly. According to this view, the bar to private gambling's admission into the legal economy should therefore be set higher than for less objectionable enterprises. Thus, the demand that casinos promote economic growth is rooted in the moral argument against gambling.

To summarize, the economic case against legalized gambling rests heavily on three questionable propositions: Casinos siphon income away from other businesses, they are exploitative, and they are overrated as engines of regional economic growth. Yet any successful new business can be accused of cutting into the profits of other businesses -- that is the essence of business competition in a market economy. Although casinos do compete for dollars that might otherwise be spent on restaurants, hotels, and other

⁵⁰A case in point is the historically impoverished town of Tunica, Mississippi. "Before the casinos arrived, 20 percent of Tunica's residents got cash welfare payments; now 12 percent do. Half once got food stamps; now 36 percent do." William Booth, "Casinos Deal Poor Mississippi County a Winning Hand," *Washington Post*, April 8, 1995, p.A1.

⁵¹States typically tax the net revenue of commercial casinos at rates ranging between eight percent and 20 percent.

leisure activities, there is more troubling evidence that suggests that lottery players sometimes purchase lottery tickets in lieu of food items. Because no one is “forced” to gamble, the broad charge that gambling entrepreneurs “exploit” their customers constitutes inflammatory, but empty, rhetoric. In any event, state lotteries remain much more efficient than private casinos at extracting large profits and transferring wealth from the customers to the “owners” of gambling enterprises. Unlike state lotteries, casinos have often become objects of unreasonable hopes and expectations for rapid economic growth, in part because casinos in fact have helped create jobs in some areas. Lotteries are expected to generate revenue for government coffers and reduce pressure on state budgets, but little more.

GAMBLING AND FEDERALISM

Even after one has assessed both the moral and economic arguments regarding legalized gambling, another fundamental issue must be addressed before reaching any final policy conclusions: Which level of government decision making is appropriate? Regardless of one’s views regarding the morality and economic cost-benefit calculus, is the issue a proper one for national, as opposed to state-by-state, resolution?

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It is tempting to say that society should simply make up its collective mind once and for all about the morality of gambling. If gambling is immoral, or contributes to moral breakdown, then society should prohibit it — in all of its guises and manifestations. By the same token, if it is not deemed immoral, it should be treated like any other legal business enterprise. As things stand now, however, the state seems to have it both ways: gambling is somewhat immoral, but not absolutely immoral. Gambling is thus considered harmless enough so that the state may in good conscience operate, advertise, and profit from lotteries, but harmful enough so that privately owned lotteries must be prohibited. As for other forms of the gambling vice, the state may under some circumstances allow private entrepreneurs to establish businesses such as race tracks and casinos, but only if it can be persuaded that these ventures will provide extraordinary public benefits. In recent years, this state of affairs has favored the expansion of casino gambling in some jurisdictions, while preventing it in others. Those who decry the advent of legal casinos anywhere in the United States do not like the inconsistency of the current policy regime. Thus gambling opponent Robert Goodman has called for “a coordinated effort at national gambling policy.”⁵²

The state seems to have it both ways: gambling is somewhat immoral, but not absolutely immoral.

Before succumbing to the allure of a comprehensive national policy on gambling, however, we should understand that the moral ambiguity surrounding gambling is a fine example of the sort of conundrum that the

The appropriate locus for the debate over gambling lies exactly where it does today -- at the level of state government.

Framers of the Constitution anticipated when they devised a system of government based on the principle of federalism. Given gambling's enduring place in U.S. history — as both a popular pastime enjoyed by millions, and as a source of bitter controversy — it is naive to think that a national consensus on gambling will emerge any time soon. Thus, the appropriate locus for the debate over gambling lies exactly where it does today — at the level of state government. Yet for those who want a national gambling policy that reflects their personal predilections, the constitutional limits on the scope of federal authority are an inconvenient obstacle that must be overcome. That is why the formation of a federal investigatory commission on gambling is an important victory for the national anti-gambling movement. The commission, far from being a mere fact-finding body, represents the means by which federal power can be mobilized, not only against gambling, but against the rightful authority (and duty) of state governments to set their own policies on gambling.⁵³

⁵²Robert Goodman, "The Future of Gambling, the Future of the Economy," Testimony before the House Committee on Small Business, United States Congress, September 21, 1994, p. 10. Elsewhere, Goodman has written that "state gambling legalization processes ... need to be reformed....[T]he federal government has a critical role in restructuring the way state and local governments use gambling as industrial policy....[T]here is also a crucial need for the creation ... of a national plan which would help determine the future direction of gambling in this country." See Goodman, pp. 182-185, *passim*.

⁵³Some who supported the legislation establishing the commission have openly endorsed this view of the commission's role. See, e.g., Galston and Wasserman, p. 70:

[I]t may be difficult for an individual state to take the initiative in imposing regulations that make gambling less attractive. If containment is to occur, the federal government may have to play the role of motivator and coordinator. *The proposed national commission on gambling should place the issue of how best to do this high on its agenda.* [Emphasis added.]

CONCLUSION

The debate over the morality and economic track record of legalized gambling remains complex, contentious, and incomplete. This paper takes note of the recent arrival of the legalized gambling issue on the national stage, but regrets the absence thus far of a more thorough and less heated discussion of many of issues addressed herein. Lurking behind the substantive vacuum in much of the legalized gambling debate is the danger that politicians will seek to exploit the issue by framing it in a "white hats versus black hats" oversimplification.

Referring to the federal gambling commission in a recent editorial, the *Washington Post* voiced its concern that "lobbyists" will try to:

weaken the commission as much as possible by pushing to stack the membership of [the commission]....The test [will be whether President Clinton, and congressional leaders] resist or succumb to political pressuring by gambling interests to name members with ties to the industry as distinct from independent, professional nominees.⁵⁴

Unfortunately, by portraying the impending struggle over the commission's membership as a simple morality play that pits "members with ties to the industry" against "independent, professional nominees," the *Post* obscures the central difficulty facing the commission.

When the federal government undertakes to investigate an industry in which other branches of government already own and operate their own lucrative enterprises, the political temptation naturally will be to scrutinize zealously that industry's private enterprises, while suppressing (or minimizing the importance of) evidence that casts a negative light on the government enterprises. The real danger is that the commission will produce a report that scapegoats privately managed gambling even as it whitewashes government-managed gambling. Indeed, lotteries should be held to higher standards than casinos and other forms of privately managed gambling, because they are state-run monopolies. At the very least, state lotteries and casinos should be judged according to the same moral and economic criteria.

Cf. Rep. Barney Frank (D-MA):

There are many people over there who do not think that people should gamble. The States have, from their standpoint, been lax. So forget about the States rights stuff. We will stick Thomas Jefferson back on the shelf. We will spend millions of dollars to make these recommendations of what the States are doing. I presume we will probably be then asked to act on these things.

Remarks of Rep. Barney Frank during House debate on the National Gambling Impact and Policy Commission Act, *Congressional Record*, March 5, 1996, p. H1686.

⁵⁴"Congress and Gambling," *Washington Post*, August 12, 1996, p. A12.

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Lotteries should be held to higher standards than casinos and other forms of privately managed gambling, because they are state-run monopolies.

By those criteria, most of the negative social and economic effects that are attributed to legalized gambling are manifested to a much greater degree within state lotteries than commercial casinos. To the extent that there are gamblers in the United States who require the benevolent ministrations of paternalistic government to protect them from their own worst proclivities, it is less than clear that casino patrons should become the primary focus of public policy. Instead, lottery players are the ones who could stand to benefit most from any government-led reforms. For once, responsible politicians need not design new programs, draft new regulations, or create new bureaucracies to achieve some immediate progress -- they need only terminate any involvement that they may have as operators of state lotteries.

About the Author

Robert R. Detlefsen is the author of *Civil Rights Under Reagan* (ICS Press, 1991). His articles and reviews have been published in both popular and scholarly journals. Dr. Detlefsen has been a postdoctoral fellow in the Program on Constitutional Government at Harvard University, and he has taught courses in government and public policy at several colleges and universities. Detlefsen holds a Ph.D. in political science from the University of California, Berkeley.