

Lottery's Costs Outweigh Benefits

by John Hill, Ph.D.

Alabamians are being asked to consider the value of legalizing a state-sponsored lottery, the revenues from which would go straight to Alabama's Education Trust Fund. Gambling proponents claim Alabama could realize revenues of \$200 million or more for public education.

As we have done in the past, the Alabama Policy Institute has compiled a number of the most recent statistics available from other states with lotteries to produce the fifth edition of *An Alabama Lottery: Theft by Consent*. This report clearly shows that lotteries are not the stable revenue source gambling supporters claim them to be, nor are they devoid of social and economic consequences.

For example, *Theft by Consent* shows that lottery revenue has fallen from 43 cents on the dollar in 1970 to only 31 cents on the dollar in 2001. Thus, while some states are claiming larger gross lottery ticket sales than they were only a few years ago, they are having to sell more tickets to realize the same revenue they had earlier. That assumes, of course, that a given state sold more lottery tickets this year than last. Many did not. From 2000 to 2001, lottery ticket sales declined in 15 states. That's 38 percent of all states with lotteries.

This is not a new trend. In Wisconsin, lottery ticket sales have dropped 23 percent over the past seven years and show no sign of picking up. In Texas, ticket sales are down almost 25 percent from 1997, giving the state's Foundation School Fund — the recipient of all lottery profits in that state — \$324 million less from the lottery in 2001 than in 1997.

Not only are lotteries unstable sources of government revenue, they exact a terrible toll on the addicts they create. If the legalization of a lottery in Alabama brought the number of gambling addicts in our state up to the national average, 16,000 new pathological gamblers would be created. Because gambling addicts are more likely to be less productive at work, lose their jobs because of gambling, assume high debt loads they are unable to pay, and often commit crimes to fund their habit, the economic burden to society that each of these gamblers would create has been conservatively estimated at about \$15,700 per year. Thus, 16,000 new pathological gamblers would cost Alabama \$219 million in social and economic costs, which is more than the revenues current gambling supporters believe a lottery would generate. The emotional and social costs of gambling addiction, though, would be incalculable.

Legalizing a state lottery in Alabama would wind up hurting the very people it is supposed to help: the children. When California legalized its lottery in 1985, the number of teenagers who gambled increased 40 percent. Even more disturbing is what is happening to these young people as a result of their gambling: They are more likely to have tried illegal drugs; they are more likely to be associated with increased instances of violence-related behaviors such as carrying a weapon or being involved in a fight; and, tragically, they are more likely to attempt suicide.

State government exists to serve and protect the people. Instead of working in the interest of their citizens, states that run lotteries exploit the greed, ignorance and gullibility of citizens to make as much money as possible. In order for government to win, its citizens must forever lose.

Dr. Hill is director of research at the Alabama Policy Institute.

Reprinted from the November 2002 issue of Perspective.