

# Lotteries: America's \$70 Billion Shame

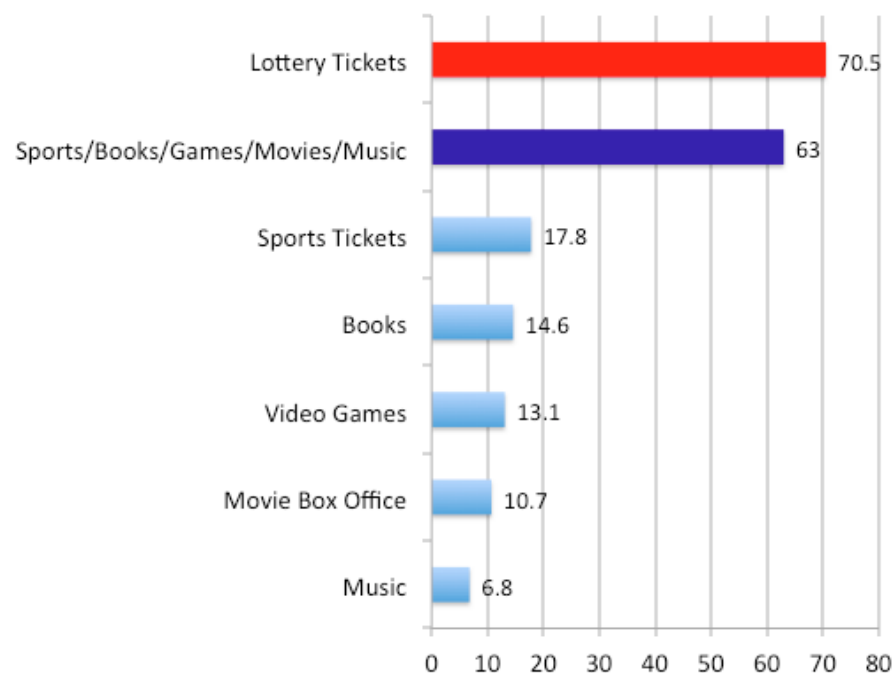
People spent more money playing the lottery last year than on books, video games, and tickets for movies and sporting events combined.

[Derek Thompson](#) May 11, 2015

[This](#) floored me: Americans in the 43 states where lotteries are legal spent \$70 billion on lotto games in 2014. *Seventy billion?* I thought. No, that's impossible. That's more than \$230 for every man, woman, and child in those states—or \$300 for each adult.

But it's true: According to the [North American Association of State and Provincial Lotteries](#), lotteries took in \$70.1 billion in sales in the 2014 fiscal year. That's more than Americans in all 50 states spent on sports tickets, books, video games, movie tickets, and recorded music sales.

## Lottery and Entertainment: Annual Spending in Billions of Dollars



The national average hides a lot of variance among the states. In North Dakota, per-capita lottery spending is a pittance at just \$36 a year. In South Dakota, however, it's an egregious \$755 per head. Lotto games bring in the most money per person in the mid-Atlantic and northeast: number-one Rhode Island (nearly \$800 per capita!), Massachusetts, and Delaware are among the top five states, while New York, Maryland, New Jersey, Connecticut, and Pennsylvania join them in the top 13 (so does Washington, D.C.).

Lotteries set aside about 40 percent of their ticket sales as state revenue that often goes to schools. Then, winners of more than \$600 are subject to 45 percent windfall taxes on their good fortune. "The house" is winning, even when it's losing.

<https://www.theatlantic.com/business/archive/2015/05/lotteries-americas-70-billion-shame/392870/>

But it's the poor who are really losing. The poorest third of households buy half of all lotto tickets, according to a Duke University study in the 1980s, in part because lotteries are advertised most aggressively in poorer neighborhoods. A North Carolina report from NC Policy Watch found that the people living in the poorest counties buy the most tickets. "Out of the 20 counties with poverty rates higher than 20 percent, 18 had lottery sales topping the statewide average of \$200 per adult," the North Carolina Justice Center [reported](#).

A 1986 California survey found that lottery players were split 50-50 on whether they played for money or for fun. But among those with less than \$30,000, "25 percent more respondents cited money rather than fun, while the reverse was true for those with higher incomes," wrote Garrick Blalock, David R. Just, and Daniel H. Simon in a study "[Hitting the Jackpot or Hitting the Skids](#)." The researchers made another damning discovery: Local lottery ticket sales rise with poverty, but movie ticket sales do not. In other words, lotto games are not merely another form of cheap entertainment. They are also a prayer against poverty. This fits what the researchers call the "desperation hypothesis": States are making their most hopeless citizens addicted to gambling to pay for government services.

Some policymakers argue that the moral cost of lotteries is low. After all, the games are voluntary. And perhaps the money collected by the state is [better off going to schools than to booze and cigarettes and whatever else](#). But to see the true source of the lottery's appeal, don't look at poor neighborhoods. Focus on the states.

Half a century ago, gambling was criminalized in every state except Nevada. As recently as 1980, just 14 states held lotteries. Today it's 43. A political cynic might say lotteries are the perfect public policy: A tax disguised as a game without an organized lobby to oppose it. Corporate income taxes punish corporations, and companies respond with lobbyists. Personal income taxes and estate taxes hurt the rich, and rich families fund elections, so no need to elaborate on that problem. But lotteries disproportionately affect the poor, who vote at lower rates, donate less to campaign funds, and have inconstant representation on K Street and its equivalents in the states. So no surprise that, as recently as 2009, lotteries [provided more revenue than state corporate-income taxes](#) in 11 of the 43 states where they were legal, including Delaware, Rhode Island, and South Dakota.

In an age of rising income inequality, it's pernicious that states rely on monetizing the desperate hope of its poorest residents. State lotteries take from the poor to spare the rich, all while marching under the banner of voluntary entertainment. Banning lotto games will not make our poorest communities suddenly rich. But these neighborhoods have lost enough lotteries in life even before they touch a penny to the scratch-off ticket.

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Unit 4 Reading Journal questions: answer each question with 3-4 sentences

1. Do you agree or disagree with the author's opinion about lotteries? Explain
2. What do you think motivates people to play the lottery? Should society encourage this?
3. There is a saying, "Money cannot buy happiness." Do you agree or disagree? Why?