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A Painless Tax or Robin Hood Reversed? The Ethical Dilemmas of State-Sponsored Lotteries

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Abstract

Over the last forty years, states and localities have been faced with the dilemma of how to raise sufficient revenue without upsetting great portions of the electorate with a tax increase. One manner by which they have dealt with this predicament is to institute state lotteries. New Hampshire started the trend in 1964 when it instituted a lottery system to supplement its dire revenue situation. New York and New Jersey soon followed suit by establishing their own lottery system. Today, thirty-nine states operate some type of lottery system. It definitely can be asserted that lotteries are the most widely accepted tax system by the electorate, and they also produce very popular and beneficial programs like Georgia’s HOPE. These aspects have made lotteries a favorite among state policy makers who are searching for revenue funds. But most policy makers do not stop to think whether or not the state should implicitly encourage its citizenry to gamble. This paper is a normative analysis of the ethical dilemmas of state-sponsored lottery systems. As James E. Anderson wrote, “There is no reason to assume that if something cannot be counted, it does not count.” Accordingly, we use this paper as an attempt to summarize past quantitative studies and other literature in hopes to connect it all together into a normative analysis that gives practitioners and scholars a critical view of state lotteries. The assertion is that policy makers should reflect more on the ethical dilemmas of a state-sponsored lotteries rather than focusing solely on possible revenue or popular programs. To explore this normative premise, we compare our findings to the principles of the Natural Law ethical theory. So are lotteries as proponents proclaim painless tax systems or as opponents contend a reversed form of the Medieval character Robin Hood?

1James E. Anderson, Public Policymaking, 5th ed. (Boston: Texas A&M University, 2003), 25.