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CANADIAN STATE LOTTERIES: 1970-1984

by

Joan Vance, M.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of the
requirements for the degree of

Doctor of Philosophy

Department of Sociology and Anthropology

Carleton University

Ottawa, Ontario

May, 1986

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Abstract

Evidence concerning state lotteries in Canada is examined as a way of understanding the role of the state in Canadian society. Canadian state lotteries are viewed in the historical context of lotteries elsewhere, particularly in Great Britain and the United States. The burgeoning of Canadian lotteries in the 1970's is situated in relation to a combination of events including the fiscal crisis of the state. Provincial governments gained control of this revenue source using the Crown corporation form to maximize profits. Lottery revenues, as reflected in information concerning their distribution, have been used mainly to benefit middle and upper middle class professionals while the socio-economic characteristics of lottery players indicate that the lower middle class, the working class and the poor contributed most of those revenues. Distribution of lottery grants, as well as allocation of lottery corporation commissions and contracts in the areas of ticket distribution and printing, advertising and computerized systems, are an important source of political patronage for governments and politicians. When developments in the prize and game structure of lottery corporations are added to this picture, state lotteries have in addition considerable significance as disseminators of 'chance ideology' thus helping to avert a 'legitimation crisis'.

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Abbreviations

A.L.C. Atlantic Lottery Corporation

I.P.L.C. Interprovincial Lottery Corporation

L.Q. Quebec Lottery Corporation

O.L.C. Ontario Lottery Corporation

O.M.C.R. Ontario Ministry of Culture and Recreation

O.M.H. Ontario Ministry of Health

W.C.L.F. Western Canada Lottery Foundation

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CHAPTER 1

INTRODUCTION

Prior to the 1968-69 Criminal Law Amendment Act lotteries were illegal in Canada, except for small scale licensed raffles of churches, charities and agricultural fairs. This act broadened the scope of legislation to permit lotteries under the authority of the government of Canada and the provinces. All the provinces, as well as the federal government, established lotteries by 1976, beginning with Quebec in 1970. By 1980, after a decade of federal-provincial conflict concerning which level of government should operate lotteries, the provinces had established a monopoly in the field. Lotteries became a pervasive aspect of the social environment. Canadians reading their newspaper, watching television, listening to the radio or purchasing a quart of milk at their corner store were inundated with information about lotteries. The significance of this complex structure of lotteries as a form of state policy is the primary focus of this study.

The principal role of the state in contemporary capitalism, according to Poulantzas, is to intervene at all levels of society in order to maintain unity and cohesion thereby reproducing social relations (1975: 24-25). James O'Connor also argued that the state tries to maintain or create conditions in which profitable capital accumulation is possible while simultaneously attempting to maintain or create conditions for social harmony (1973: 6). The state in this role acts as

"organizer of hegemony" (Mahon, 1977: 167) when it arranges a consensus among the various fractions of the capitalist class, while at the same time attempting to organize the consent of subordinated classes to their dominated position in capitalism. In this view, the structure and process of state policy can be seen as the outcome of compromises between classes and the state. In understanding the significance of any particular policy such as lotteries, the essential characteristics of the compromise between classes and the state which it represents must be investigated. How does the state through lottery policy arrange the consent of the subordinate classes and the various fractions of the capitalist class and how does it appear at the same time to represent the "public", "provincial" or "national" interest in the process? To some extent the state's goal, as organizer of hegemony, is achieved ideologically via the distribution of a set of ideas which justify dominant class interests. While state lotteries are an important, if limited, source of revenue for governments, it will be argued that their greater significance is as political patronage and 'chance ideology'. It will be demonstrated that 'chance ideology' consists of images of personal success in the lottery which tend to perpetuate the myth of equal opportunity in Canadian society. Lottery corporations, in their attempts to maximize

profits [1], distribute this ideology through their marketing and advertising strategies.

Studies in working class culture indicate that the hope generated through gambling, including lotteries, is more highly valued by the working class than by members of the better-off classes (Hoggart, 1957; Zola, 1963). This is so because in a life so materially limited gambling leads one to hope for the "sudden chance of fortune from heaven". In addition, rooted in a supernaturalism enjoyed for centuries by the working class, it makes life more interesting (Hoggart, 1957: 113). The gambling literature similarly documents the higher incidence of gambling among the working class and other relatively disadvantaged groups in society and this generalization applies also to lotteries, private or state-operated in societies where they have existed (Kallick et al., 1979; Cornish, 1979). In spite of a long history, of which Canadian decision-makers were apparently aware, which suggests that playing the lotteries is related to economic need, Canadian governments introduced lotteries on a broad scale during the 1970s.

1. Because lotteries were established by the state as Crown corporations, the term 'profit' is used when referring to lottery corporation income, i.e., the excess of sales over the costs of operation. Lottery corporations operate like private businesses and in their accounting refer to their income as profits. Just as for private businesses, their profits furnish the direct aim and determining incentive of lottery corporations. Unlike private businesses, which invest their own profits, the lottery corporations must return their profits to the state as government revenue. These revenues can also be regarded as a tax on lottery players, as discussed in Chapter 6. For purposes of clarity we will, therefore, refer to lottery corporation profits and government or state revenue.

Early opponents of state lotteries in Canada cited the history of exploitation through gambling of working class people and the poor (House of Commons Debates, 1969). In a materially limited life they argued, a wager provides the hope that a person might get lucky and win a fortune. Experience with lotteries and other forms of gambling elsewhere showed, according to opponents, that the relationship between gambling and economic need was strongest where the wager was small and where there were large money prizes and high pressure publicity. While it was argued by advocates that lotteries did not typically have these exploitative characteristics, in the 1980's they are in fact the most salient features of Canadian lotteries.

As a mechanism for organizing hegemony, it shall be demonstrated that the state lottery casts a wide net. Lotteries can be regarded as a compromise between the state and members of subordinate classes and groups who are typical lottery players. The hope provided by a lottery ticket appears to temporarily divert the purchaser's attention from conditions of life and provides a psychological and symbolic outlet for the frustrations of day to day life. At the same time, it shall be argued, that the state in its lottery activities strikes a compromise with the middle and upper middle class as well as certain fractions of the capitalist class. These classes and

* I have chosen to use the adjective exploitative, meaning "of or relating to exploitation", the American usage, rather than exploitativo, the British usage, because it is less cumbersome.

fractions of classes are the recipients of commissions and business contracts which are allocated by lottery corporations as part of their costs of operation. Middle and upper middle class professionals also tend to utilize cultural and recreational facilities funded with lottery revenues more than other groups and classes in society. Similarly, upper middle class professionals and certain fractions of the capitalist class benefit most directly from lottery funded health and environmental projects. In short, it will be argued that those who benefit most from lotteries are not usually those who buy most of the lottery tickets. Through the dissemination of chance ideology in the marketing of lottery tickets and by distributing lottery profits for projects which are subsequently promoted in the media as being "in the interests of all", the state, as we shall see, creates directly or indirectly an ideological hegemony over a broad spectrum of Canadian society.

The methodology of this study owes much to an approach suggested by Adam Przeworski (1974). Following Przeworski, state activity in this study is regarded as a social system, i.e., an organized set of connected parts, the characteristics of which are theoretically given in Chapter 2. This system responds to variations in its environment by producing certain effects upon that environment. Conceptually, the evidence can be divided into three types: the environmental variations to which lotteries can be regarded as a response (Chapter 3), the development and structure of state lotteries (Chapter 4) and the effects of state lotteries on that environment (Chapters 5 and 6).

Many interrelated and historically specific social, political and economic factors constituted the environment of the 1970's in which lotteries emerged as a form of state policy in Canada (Chapter 3). Initially, the historical development and ubiquitous nature of gambling, as revealed in the gambling literature and in the history of lotteries elsewhere, particularly in Great Britain and the United States, are discussed. Unlike most other societies, state lotteries were a twentieth century phenomenon in Canada. Government documents, debates in the Houses of Parliament and other secondary sources indicate that political pressure for state lotteries began in the 1930's and continued in varying waves of intensity until they were legalized in 1969. Governments attempting to control widespread illegal gambling, were cognizant of the considerable income from these operations and became concerned with diverting this gambling income into the public coffers. In the 1920's and again in the 1960's municipal and provincial governments were increasingly hardpressed for revenues to finance health care, education and social services and began to pressure the federal government to amend the Criminal Code to permit state lotteries for such purposes. It was not until 1967, however, that the federal government finally introduced the Criminal Law Amendment Act which would allow for state lotteries. During the 1960's the fiscal burden of social welfare increased as institutions begun in the 1940's were completed and the "war on poverty" begun in the United States in 1964, began to effect Canadian social programs (Armitage, 1973: 217-218). The issue of

responsibility for social welfare was debated but not resolved in a series of federal-provincial conferences on the matter during the 1960's (Armitage, 1975: 218-220). It was under these circumstances that the federal government amended the Criminal Code making state lotteries legal beginning in January 1970. During the early 1970's, characterized by 'fiscal crisis' at all levels of the state, the federal government, as well as the provinces, introduced lotteries.

Chapter 4 describes the development of the national lottery structure in which all levels of the state, as well as licensed charitable organizations were initially involved. State lotteries were established as Crown corporations and the profits were returned to governments as revenue. During the first decade of legal lotteries in Canada the provincial and federal governments, as well as charitable organizations, competed for lottery dollars but by 1980 the provinces had established a monopoly in the field. The prize and game structure of the lottery corporations became increasingly complex and the existence of lotteries became more pervasive and compelling for Canadians. The description of these structures, often using Ontario Lottery Corporation (O.L.C.) as a representative case, is drawn from annual reports, market surveys and other sources of information supplied by the corporations. The description and analysis of the structure of lotteries, offered in Chapter 4, reveals the mechanisms through which lottery corporations, in pursuit of profits, create a 'chance ideology'. A consequence of this ideology is unexpectedly high levels of lottery revenue

for the state due to the very large numbers of people enticed to play, the majority of whom come from relatively deprived social and economic groups.

Chapters 5 and 6 address the effects or consequences of state lotteries in Canada. The consequences of lotteries for Canada as a class society are revealed in the socio-economic characteristics of players and winners as derived from surveys, interviews, family expenditure on lotteries and media reports (Chapter 5). The consequence of lotteries for the state itself are evident in the actual amounts of lottery revenue and the ways in which it is distributed (Chapter 6). Finally, in Chapter 7 the substantive content of the thesis is theoretically integrated and some implications of lotteries, as a form of state policy are considered.

CHAPTER 2

THEORETICAL ORIENTATION

An analysis of any form of state policy in advanced capitalist society, including lotteries, begins with certain assumptions concerning the nature of state activity and its relationship to the structure of civil society. Advanced capitalist societies are class societies based on a capitalist mode of production and characterized by a large interventionist state of the liberal-democratic form [1]. Following Gramsci, the state in this thesis is understood to be the site where hegemonic leadership is organized within a class society. There is a material, as well as an ideological, basis for this hegemony:

The material basis of hegemony is constituted through reforms and compromises in which the leadership of a class is maintained but in which other classes have certain demands met (Sassoon, 1983: 202).

In this approach, ideology does not simply reflect economic class interests, rather, ideology organizes action through the way it is embodied in social relations, institutions and practices and informs all individual and collective activities (Mouffe, 1979). James O'Connor's work suggests that a consequence of the state's role as organizer of hegemony is a tendency to 'fiscal crisis', that is, a tendency for state

-
1. Liberal-democratic is here taken to mean a political system in which extra-state institutions such as universal suffrage, free and regular elections, representative assemblies and citizens rights, including freedom of speech, association and opposition, exist.

expenditures to increase more rapidly than the means of financing them. In periods characterized by a fiscal crisis of the state, governments anxiously pursue new or additional revenues which do not upset the hegemonic balance in society. In a theoretical sense, the state in exercising hegemonic leadership is reproducing existing class relations and legitimating its own role in the process. The extent to which a particular state is actually successful in organizing hegemonic leadership is an empirical question. As Skocpol (1981: 199-200) contends, one cannot assume that politics in capitalist society always work to reproduce capitalism and, thereby, the interests of the capitalist class. There are similar difficulties in theorizing about the state in capitalist society in general. Each historical case with its own historically specific political institutions must be considered within broader conceptions of the state and capitalist society.

The State and Hegemony

It can be argued that the state in capitalist society emerges as the outcome of the struggle between classes and fractions of classes as an attempt to sustain the capitalist system (2). The state, in this view, is the "materialization and condensation of class relations" (Poulantzas, 1975: 23).

-
2. Poulantzas argues in this vein that the role of the state in class society is to intervene at all levels of the social formation and by so doing to maintain the conditions of existence of the dominant mode of production and its associated system of class domination (Poulantzas as summarized by Benton, 1984: 147).

Following Poulantzas, Rianne Mahon states:

The structure of the state is nothing but the mediated expression of basic socio-economic inequalities as these are manifested politically, in the various forms and levels which the class struggle assumes at a particular point in time in a given society (1977: 169).

The structure of any particular state at a specific historical conjuncture, e.g., the Canadian state in the 1970's, is the product of its previous history. The policies of the state, however, are not simply reducible to the pursuit of the economic interests of the dominant class or class fractions.

In order to be legitimate [3], the state must appear to be autonomous from the dominant class. Intervening to maintain the cohesion of the social formation, the state must, in some cases, sacrifice dominant economic interests. Poulantzas refers to this characteristic of the capitalist state as a structurally determined 'relative autonomy' (1973: 275-321). In Gramsci's work relative autonomy is conceptualized as the state's role in exercising hegemonic leadership (Benton, 1984: 149) [4].

A conception of the state in Gramsci's work which suggests that the "State = political activity + civil society, in other words hegemony protected by the armour of coercion" (1971: 263) is presumed in this thesis. Hegemony is the ability of a class

-
3. A liberal-democratic state is regarded as legitimate to the extent that it "appears" to represent the interests of all classes and groups in society.
 4. Gramsci did not have a single theory of the state. Theorists tend to agree, however, that Gramsci viewed the state as a primary variable in understanding capitalist society and that hegemony is a central concept in his analysis of the historical development of capitalist societies.

"to assume moral and intellectual leadership over other classes without resorting to coercion" (Larrain, 1979: 82). Gramsci uses the concept of hegemony in two ways; first, as a process in civil society whereby a leading fraction of the dominant class has the power and ability to articulate the interests of other fractions of the dominant class; second, to refer to:

the successful attempts of the dominant class to use its political, moral, and intellectual leadership to establish its view of the world as all-inclusive and universal, and to shape the interests and needs of subordinate groups (Carnoy, 1984: 70).

In short, hegemony here refers to the process through which the consent of subordinate groups to the control of the dominant class is negotiated. Hegemony is expressed in society as a network of "institutions, social relations and ideas" (Sassen, 1983: 201) and Gramsci argues in this vein that hegemony is no longer confined to civil society. On the contrary, hegemony, in the "massive structures of modern democracies, both as state organizations, and as complexes of associations in civil society" (1971: 243), also exists in the state as "political hegemony" as contrasted with "civil hegemony".

The state, in this view, is seen as an extension of dominant class hegemony "encompassing civil society and only distinguished from it by the coercive apparatuses pertaining only to the State" (Carnoy, 1984: 73). The hegemonic class is political in the sense that it goes beyond its own immediate economic interests to represent the interests of society as a whole. This extended form of hegemony rests on the broad consent of a variety of groups in society. Hegemony then implies rule by consent. Thus, on one

occasion, Gramsci defined the state very broadly in the following way:

The state is the entire complex of practical and theoretical activities in which the ruling class not only justifies and maintains its dominance but manages to win the active consent of those over whom it rules (1971: 244).

It must be emphasized here that "the importance of the State as an apparatus of hegemony is for Gramsci still rooted in the class structure, a class structure defined by and tied to the relations in production" (Carnoy, 1984: 75).

Gramsci stresses not the separation of superstructure from economic structure but rather the dialectical relation between them as revealed in the following quote:

Undoubtedly the fact of hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony is to be exercised, and that a certain compromise equilibrium should be formed - in other words, that the leading group should make sacrifices of an economic-corporate kind. But there is also no doubt that such sacrifices and such a compromise cannot touch the essential; for though hegemony is ethical-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity (1971: 161).

Hegemony and the hegemonic role of the state are both required and conditioned by the character of class relations as understood at the economic level of society. In this context, Gramsci gives the people's consciousness a prominent place. As part of civil society, the state is not just an instrument of the dominant class but must participate in the struggle for consciousness. Because hegemony is expressed in both civil society and the state, there is the possibility of social change. In other words, there is the possibility of a counterhegemony located in civil society and external to the state. Consent, therefore, is not automatic but

must be produced. The consent relationship is constantly changing to accommodate new historical circumstances and the political demands and actions of human beings. The balance of consent and force, in Gramsci's perspective, varies historically and suggests that, in the advanced capitalist societies of the "West", the hegemony of a class is to a large extent achieved ideologically by consent rather than force [5]. This poses the question of how are we to understand the relationship between ideology and hegemony, the latter being our key concept?

Hegemony and Ideology

There is little scholarly consensus concerning the exact meaning of the term 'ideology' and the choice of a workable definition of ideology is in part a pragmatic decision. This thesis is concerned with the capacity of the state to give hegemonic leadership in advanced capitalist society, accordingly, ideology here refers to the ideological aspect of hegemony. Ideological hegemony refers to the process by which the interests of subordinate classes and groups are tied to the realization of dominant class interests. There is in this use of ideology an element of mystification or distortion.

Ideology as mystification or distortion is a formulation of the concept which originates in Marx. It is "a critical concept which means a form of false consciousness or necessary deception which somehow distorts men's understanding of social reality"

5. Bearing in mind that hegemony also has its material basis as previously argued.

Larrain, 1979: 14). In this formulation, ideology is associated with the historical evolution of social contradictions. Ideology results from and conceals or misrepresents the existence and nature of "those contradictions" and thereby contributes to their reproduction. Ideology, in this view, is cognitively distorted knowledge which prevents people from understanding their real position in class society and the possibilities of its transformation. Ideological hegemony, however, does not consist of pure propaganda, but, as previously argued, is objectively grounded in real compromises and sacrifices. Ideology as hegemony, as advanced by Gramsci, is particularly useful in understanding the peculiarities of advanced capitalist society. While emphasizing their historical specificity, Gramsci speaks of ideologies in the plural sense. In this use ideologies are "the opinions, theories and attitudes formed within a class in order to defend and promote its interests" (Larrain, 1979: 14). Gramsci also distinguishes between 'arbitrary' ideologies on the one hand and historically 'organic' ideologies on the other (1971: 376-77).

Arbitrary ideologies, in Gramsci's theorization have a rationalistic or "willed" character, and thus the role of individuals, classes and parties in the production of ideology is emphasized. By way of example, student-aid programs and related pronouncements by particular governments in advanced capitalist societies, professing the existence of "equality of access to education", can perhaps be regarded as an arbitrary ideology of the sort described by Gramsci. Such an ideology is

willed, as it is the stated objective of government policy and the ideas presented are ideological in that they mystify the real function of education in reproducing existing inequalities. Gramsci appears to regard such arbitrary ideologies as less significant than organic ideologies in the historical development of societies when he says:

To the extent that they are arbitrary they only treat individual "movements", polemics and so on (though even these are not completely useless, since they function like an error which by contrasting with truth, demonstrates it (1971: 377) (my emphasis).

To clarify this quote in terms of our example, the principle of "equality of access to education", as expressed in student aid programs, presumably induces some students from subordinate classes and groups to attend university. Such students might not otherwise attend university because of their limited economic resources but, at the same time, their lower level of cultural resources continues to restrict their access to and likelihood of success in education. (Bourdieu, 1977; Bowles and Gintis, 1976). On the other hand, as the quote from Gramsci would suggest, to the extent that an ideology such as equality of access to education is revealed as contrary to the actual state of affairs in society, then, the social contradictions in public education are possibly rendered more visible and open to criticism. While taking such arbitrary ideologies into account, Gramsci chose to emphasize organic ideologies.

Organic ideologies, according to Gramsci, are those which are "necessary to a given structure" (1971: 376-77). In developing his concept of historically organic ideologies,

Gramsci seems to draw heavily on Marx's view that in capitalism, education, tradition and habit combine with the "dull compulsion of economic relations" to complete "the subjection of the labourer to the capitalist" (Marx, 1974: 689). Colin Sumner interprets the dialectical nature of this economy-culture relation in Marx in the following way:

For Marx, certain elements and forms of politics and culture (and therefore law) are organic to a mode of production at a given phase of its development and without their establishment and maintenance such a mode of production cannot survive (1981: 87).

Similarly, Gramsci's organic ideologies are vital to the mode of production at historically specific stages of a society's development. Ideology, as such, is very pervasive and seems to permeate the basic structure of a society. Accordingly, Gramsci argues that organic ideologies offer:

a conception of the world that is implicitly manifest in art, in law, in economic activity and in all manifestations of individual and collective life (Gramsci, 1971: 328).

In a similar vein, Allen contends that in any society "conceptions of the world projected in dominant ideology stem from particular ideas about the nature of the society's 'prime activity'" (Allen, 1975: 230).

In advanced capitalist societies the primary activity is the private accumulation of capital. Such societies are characterized by private ownership of the means of production and the extensive use of markets. Markets are the means whereby the primary activity of society is carried out and are themselves partly an ideological expression of that activity. Markets impose on everyone the need to behave as individuals

seeking private accumulation. A necessary condition for private accumulation is the private ownership and control of the means of production. In reality, wealth, both as assets and high income, is concentrated in the hands of a small minority. The vast majority start with nothing on which to base accumulation and are therefore relegated to relative "impoverishment" by the market system. Particular components of dominant ideology, e.g., 'the free market system', 'competitive work', 'equal opportunity' and 'individual attainment' inspire attitudes and orientations for action which are necessary for the operation of the capitalist system. Allocation by the market mechanism is described as "free" and "individualism" is presented as a prime virtue while the search for profit is defined as the ideal pursuit. "Success is synonymous with the ability to accumulate while poverty is associated with failure" (Allen, 1975: 231).

Thus, as Jorge Larrañe states, ideology is:

more than a system of ideas; it has to do also with a capacity to inspire concrete attitudes and provide orientations for action (1983: 222).

Similarly, Gramsci saw ideologies as having their impact on society through people's consciousness.

Gramsci says of organic ideologies in relation to consciousness:

To the extent that ideologies are historically necessary they have a validity which is "psychological"; they "organize" human masses, and create the terrain on which men move, acquire consciousness of their position, struggle, etc. (1971: 377).

This quote from Gramsci clearly acknowledges the role of consciousness in the development of human societies and the

impact of ideology in creating the conditions under which this whole process takes place. Gramsci does not attribute to the subordinate classes a uniform consciousness, imposed on them by dominant classes, as some theories of "dominant ideology" or "common culture" might suggest (Abercrombie et al., 1981) [6]. Rather, the subordinate classes have a dual or contradictory consciousness for Gramsci: "one, superficially explicit or verbal, which he has inherited from the past and uncritically absorbed" and one founded in real practical activity and economic condition of the class (1971: 333). As such the latter is at variance with the conceptions of the dominant class as expressed in dominant ideology. This subordinate class consciousness does not, however, offer a coherent and comprehensive world view, i.e., a credible alternative to the view expressed in dominant ideology. This is the case because subordinate class consciousness, according to Gramsci, is "fragmentary, incoherent and inconsequential, in conformity with the social and cultural position of those masses whose philosophy it is" (1971: 419). It can be argued that the inconsistent and distorted nature of subordinate class

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6. Abercrombie et al. tend to put "theories of dominant ideology" (Gramsci, Habermas and Althusser) in the same category as "theories of common culture" (Parsonian functionalism) and suggest that they present a "thesis of ideological incorporation". This thesis, they argue, ignores the importance of ideology in explaining the coherence of the dominant class and does not explain the cohesion of society as a whole. Gramsci clearly stresses the importance of ideological hegemony in integrating the dominant class and, as he repeatedly reminds us, the integration of subordinate classes is not predetermined.

consciousness is in large part due to the fact that the subordinate classes live their lives through a screen of dominant ideology. Given the relative passivity of subordinate classes in advanced capitalist societies, Gramsci's view perhaps overrates the significance of consciousness in the production of ideology and the process of social change. On this matter, Althusser's approach seems to be more consistent with the political reality of advanced capitalism.

Ideology, for Althusser, is an objective formation arising out of a mode of production and as such is not generated by the dominant class for consumption of subordinate classes.

Ideology, then, is "a matter of the lived relation between men and their world" (1977: 233) which has the effect of moulding individuals to fit into "necessary" places in the social structure while at the same time concealing this process from them. People live their actions, then, "by and through ideology" from Althusser's perspective (1977: 233). Ideology, in this view, distorts the relationship between the individual and their real social conditions and this distortion is expressed as an "imaginary" relationship. From this position, and referring to ideology as a "system of representations", Althusser argues that in the "majority of cases" the images presented have little to do with consciousness. Althusser argues instead that:

it is above all as structures that they (usually images and occasionally concepts) impose on the vast majority of men, not via their 'consciousness'. They are perceived - accepted - suffered cultural objects and they act functionally on men via a process which escapes them (1977: 233).

Ideology, as presented in this quote from Althusser, is a set of real activities which effect human subjectivity. For example, educational practices in advanced capitalism are structured according to ideological principles such as 'competitive individualism' and 'meritocracy', as reflected in the institutionalized system of rewards, grading and streaming of students into a hierarchy of educational levels. These educational practices are imposed on all members of society at some stage in their lives, regardless of their consciousness of the process. The consequences of such practices are evident in the tendency of individuals to accept and fit into their place in the labour market, as carved out for them by the educational process. Thus, ideology operates to effect human subjectivity notwithstanding consciousness.

This structural approach to ideology does not, in our view, preclude, on occasion, true perceptions of social reality, but, given our discussion of structure and consciousness, the perspective of this thesis is that the consequences of ideology are best demonstrated at the objective level of structures and social practices. In addition, it is argued, as we believe Gramsci's work suggests, that the "strong version" of the dominant ideology thesis should be rejected. As defined by Bottomore, in its strong version the dominant ideology thesis brings about social integration or reinforces the cohesion of the dominant class (Forward to Abercrombie et al., 1980). The value of such a thesis, of course, must ultimately be judged in the context of research into the impact of ideology in specific

societies. It seems that a weaker conception of the dominant ideology thesis which sees it as tending to "inhibit and confuse the development of the counter ideology of a subordinate class" is more credible (Abercrombie et al., 1980: x). Even in this weaker version, however, ideology remains an important aspect of hegemony.

As argued earlier in this chapter, hegemony is the capacity of a class to exercise economic, political, cultural and moral leadership thereby shaping the interests and needs of subordinate classes and groups. The coordination of interests necessary to hegemony is objectively grounded in some sacrifice of immediate dominant class interests and in concessions made to subordinate classes and groups in the form of compromises and reforms. There is, it has been argued, an important ideological aspect to this capacity of a class to exercise hegemony which goes well beyond simple mystification. The highly interventionist state in advanced capitalism plays a central and contradictory role in the creation of hegemony, a position which has helped to create its 'fiscal crisis'.

The Fiscal Crisis of the State

The state, in its role as organizer of hegemony, involves itself in what James O'Connor (1973) describes as two contradictory functions: accumulation and legitimization. Through its accumulation function, the state tries to create and maintain conditions in which the profitable accumulation of

capital is possible [7]. In its legitimization function the state attempts to ensure social harmony mystifying and concealing its accumulation role. State policies directed toward political containment of the working class, old, unemployed, welfare poor and others, who suffer the social costs of capitalist development, are introduced. The contradictory nature of state activity, in which the state increasingly socializes the costs of production (training and retraining the labour force, research and development of new products and production processes, etc.), while the profits continue to be privately appropriated, results, in O'Connor's view, in a 'fiscal crisis' in which state expenditures tend to grow more quickly than state revenues.

In O'Connor's view the fiscal crisis of the state is not strictly derivative of the general crisis of capitalism but rather develops in accordance with its own logic which is "reciprocally and dialectically related to the general economic crisis" (1981: 42). Expressed in other terms, the fiscal crisis is the result of attempts by the state to maintain its own legitimacy as well as dominant class hegemony in the context of class and group conflict. O'Connor puts the fiscal crisis in this structural context when he says,

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7. For Marx, accumulation, studied by him as the tendency of the falling rate of profit, is the imperative or driving force of bourgeois capitalism. Success in capitalist society consists of adding to one's capital. The accumulation process, for Marx, is not a smooth, harmonious or simple expansion. At times it is interrupted by crises and recessions (Fine in Bottimore, 1983: 3-4). In advanced capitalist societies it is necessary for the state to intervene in support of this accumulation process.

The volume and composition of government expenditures and the distribution of the tax burden are not determined by the laws of the market but rather reflect and are structurally determined by the social and economic conflicts between classes and groups (1973: 2).

Rianne Mahon similarly observed, in relation to the Canadian state, that the structure and process of state policy are the outcome of compromises made by the state in its role as "organizer of hegemony". All social forces with which the state has reached a compromise in the past are represented in the institutions of the state and on occasion give rise to conflict within the state itself.

Classes and fractions of classes are unequally represented in the institutions of the state in a way which corresponds to their position in civil society, according to Mahon. It is as a consequence of this unequal structure of representation that the interests of the capitalist state as a whole, and the hegemonic fraction in particular, are reflected in state policy. Mahon points out how certain departments in the Canadian federal government, by virtue of their position in the state structure, have power and control over other departments (1977: 173-192). The Department of Finance, for example, tends to dominate other departments through its control of the budgetary process, while Treasury Board exercises similar control in its ability to allocate internal resources. The interests of relatively powerful fractions of the capitalist class are similarly represented in such departments as Industry, Trade and Commerce, Energy, Mines and Resources. These interests are not equally represented, however, as revealed in the tendency for the

interests of particular fractions of the capitalist class to be compromised in the interests of the hegemony of the capitalist class as a whole. The relatively less powerful departments of Agriculture and Fisheries, in a similar way, represent a past compromise between big capital and independent commodity producers, corresponding to their less powerful position in economic production. The working class and members of less powerful social groups are similarly "represented" in the less powerful departments of Labour, Employment and Immigration, Health and Welfare, Indian and Northern Affairs and others. In this way the conflict between classes and groups in a society is internalized within the structure of the state itself.

The theory of the state offered in this discussion of Gramsci, Poulantzas, O'Connor, Mahon and others is one in which the state emerges as both the result and the producer of class conflict. As the state intervenes, in the interests of hegemony, further contradictions and conflicts are produced, some of which occur within the state itself. The 'fiscal crisis' of the state in advanced capitalism is symptomatic of the contradictory position in which the highly interventionist state finds itself. As part of this process of attempting to alleviate its revenue crisis, the state seeks out additional forms of revenue which have the least detrimental effects on hegemony and its own legitimacy. In Canada in the 1970's all levels of the state turned to lotteries as a form of revenue.

State Lotteries

Historically speaking, in periods of revenue crisis, precapitalist and capitalist states alike have turned to lotteries as an unobtrusive tax. States have typically tried to quell potential controversy surrounding the introduction of their lotteries by earmarking lottery revenues for projects defined as "good" or "public" causes. Similarly, state-operated or regulated gambling has long been recognized as a means of diverting the attention of the socially and economically deprived away from the source of their problems in the structure of society. In the Eighteenth Brumaire, Marx commented on the "Gold Bars Lottery" introduced by Louis Bonaparte in 1850. Bonaparte had squandered money granted to him by the National Assembly and the coffers had to be refilled, which he chose to do through a lottery. Marx describes this lottery in the following way:

The profits were supposedly earmarked for the transportation of Parisian vagabonds to California. In part, this was an attempt to supplant the Paris proletariats' dreams of socialism with dreams of gold, the doctrinaire right to work with the seductive prospects of the big win. The Paris worker naturally did not recognize the inconspicuous francs enticed out of their own pockets when they saw the glitter of California gold bars (1967: 203).

Marx's quote clearly recognizes the ideological aspect of lotteries and, in his description of Bonaparte's lottery, it possesses the most salient features of state lotteries throughout history. The lottery supplanted the workers' dreams of a better life through political action with dreams of gold, a money equivalent and justified the process by earmarking the revenues for "good works".

activity and work although the implications vary. Melos says:

Equality of opportunity in the work world was a continuing promise of the reward of individual effort and merit, but at the same time it was a constant reminder of personal worthlessness to the one who failed to succeed. In chance games equality of opportunity is a compensation for loss in a given round. The independence between rounds or draws provides the hope for personal victory next time. Furthermore there is no stigma attached to a loss in betting or lottery participation, whereas in the work sphere a low social status is a mark of failure and expresses individual weakness (Melos, 1979: 9).

Equality of opportunity in chance situations operates to supply a continuing source of hope even for those who fail. A loss is not necessarily interpreted as a failure and does not effect future chances of winning as it does in the work world. Equal opportunity in the spheres of work and chance share certain ideological consequences.

The tremendous odds against winning in the lottery do not appear to be a deterrent. "Just as the very rare success case is not sufficient to war the belief in the principle of equality of opportunity through work" (Melos, 1979: 9). Each victory witnessed by the unsuccessful lottery player is reinforcement of the hope of an imminent personal win. The structure of lotteries build in many opportunities to witness victory. It will be argued, accordingly, that while the origins of state lotteries in Canada can be situated in relation to the 'fiscal crisis' their greatest significance is in their ideological consequences.

CHAPTER 3

THE HISTORY OF LOTTERIES AS STATE ACTIVITY

The ubiquitous nature of gambling in general and state lotteries in particular, is well documented by students of social behaviour. Gambling in some form has been present in all cultures, at all periods of time and widely participated in by members of all known societies (Eadington, 1976: 7). Definitions of gambling range from fairly rudimentary ones, which regard gambling as a form of game playing with the added understanding that gambling games always involve "the betting or staking of something of value, with consciousness of risk and hope of gain on the outcome of the game" (Herman, 1976: 6), i.e., games of chance, to complex sociological ones, as offered by E.C. Devereaux Jr. (1950: 22-29) and Nechama Tec (1964: 61-62) in their studies of some specific forms of gambling (i.e., lotteries, horse racing and soccer pools).

Gambling is an interaction between two or more parties in which the parties to the relationship agree to make the transfer of a given property contingent upon the outcome of an uncertain event. The amount and type of property, as well as the particular event, are designated in advance by the parties. In addition, the parties to the relationship also agree in advance to the means available to each in effecting the outcome of the particular event. The property placed by one or more of the interacting partners is referred to as the stake or the wager (Tec, 1964: 61-62).

The lottery is one of the oldest forms of gambling, taking its name from the word 'lot' which refers to an object used in deciding a matter of chance (Sullivan, 1972: 4). Lotteries were, even in very early societies, of some considerable

political significance. Who should make decisions on behalf of a group or category of persons was a problem of government and power. There are many examples in early societies where the problem was solved by permitting a god or gods, through random devices, such as the drawing of lots, to choose rulers and make other decisions of a political nature (Aubert, 1980: 90). The Bible provides a record of the casting of lots often used in the distribution of scarce resources as a way of ascertaining divine will thereby taking the potential for human bias out of the decision. The Old Testament says that, when the children of Israel arrived in the Promised Land, Moses was commanded by God to divide the land by lot (Numbers 26: 52-56). Important political decisions, such as the choice of the first King of Israel, were made by lot. Lotteries were also mentioned in Greek mythology where inheritance and selection of certain magistrates and dignitaries were determined by drawing lots (Rubner, 1966: 13). This selection of public authorities by chance was related to notions of representativeness and equity. The lot was used in Athenian democracy in the selection of rulers by its citizens. Every citizen had an equal input into the decision of who would represent them. The use of chance devices in this way may have reduced political strife and competition for power, Aubert suggests (1980: 90). In other words, because of the use of random selection the decision was seen as legitimate by the citizens.

Lotteries prevailed in Roman times on a lavish scale, initially as a form of entertainment and later as a source of

profit (Ezell, 1960: 2). Doof-prize drawings were a feature of dinner parties given by Roman Emperors. Prizes included a slave, a fashionable villa and also "six dead flies, several ostriches and a dead dog for a touch of humour" (Scarnes, 1961: 126). Lotteries were also used at this time as a means of selling land, livestock, works of art and other commercial goods. Augustus Caesar sponsored a public lottery to raise funds to repair the city of Rome.

Franz Rosenthal (1975) documents similar uses of the lottery in the very early history of gambling activities in all areas inhabited and controlled politically by Muslims. Although gambling was forbidden by law as early as the 9th century, a form of lottery named 'maysir' was documented in 9th century Muslim poetry (Rosenthal, 1975: 69). Rosenthal argues that there were great social pressures on the wealthy to participate in charity. Maysir games were often organized in winter in order to provide relief for the poor who needed food. It was often stated, with respect to maysir, that it provided an opportunity to get easy money and was less harmful than usury, which usually injured the poor and the needy, because the loser could be rich or poor and often the game took place between the rich (Rosenthal, 1975: 82). Wealthy winners could distribute shares of camel meat won, among the needy, and receive praise and glory for spending their winnings all on charity. Rosenthal astutely observes in relation to maysir,

we have here a forerunner of the widespread modern phenomenon of giving gambling the veneer of respectability by linking it to charitable undertakings (1975: 82).

This practice of justifying a lottery by linking it with charitable or 'good causes' is a salient feature of lotteries both legal and illegal, past and present. Rosenthal argues that the evidence, as reflected in Muslim literature, suggests that there was a flow of gambling knowledge from the Muslim world to Western Europe as part of the cultural interchange which characterized the Middle Ages and left a lasting mark on world civilization (1975: 171).

It was frequently argued that the first public lottery offering money prizes was probably established in Florence, Italy in 1530 for the benefit of the state and that the practice spread quickly throughout Italy and to France, Spain, Germany and Austria (Scarnes, 1961: 127; Rubner, 1966: 13). Sovereigns seized upon the lottery as a revenue device and established a monopoly. Lotteries were introduced in France in 1533 by Italians who accompanied Catherine de Medici to France for her marriage to King Henry II.

Francis I of France established a lottery in 1539 and during that century funds were raised in this manner for public improvements. The French citizenry, during this period, disgusted by the wild and uncurbed spending of their monarchs, and weary of the tax burden thereby generated, refused to pay increasing levies (Ezell, 1960: 3). Although ultimately abolished in 1836, lotteries were used in France on many occasions for many purposes and their development followed a definite pattern which would be repeated in England and other countries. Ezell described this pattern in his book on

lotteries in America:

In England, as elsewhere in Europe, the practice followed a definite pattern. At first people engaged in raffles similar to those used to-day for some charitable and church organizations. Next, enterprising individuals, noting the readiness with which the public parted with its money, saw an opportunity to make a large profit by so disposing of their merchandise. The government in order to curb the subsequent abuses and share in the easy money, assumed control of the lotteries by requiring all of them to have royal sanction (1960: 3).

The history of lotteries in Great Britain and the United States followed this same pattern of alternate legality and attempted legal suppression. While the history of Canadian lotteries is much shorter their eventual development was similar. Canadian lotteries first existed on a small scale for charitable purposes, followed by commercial lotteries for private profit. Finally, governments, unsuccessful in controlling their expansion, monopolized lotteries and directed the profits into state revenues. The eventual development of Canadian state lotteries in the twentieth century was influenced by the history of lotteries in Great Britain and the United States.

The History of Lotteries in Great Britain

Queen Elizabeth I chartered the first lottery in England in 1566 and in the two hundred and sixty years which followed, until 1826 when they were banned, lotteries played an important part in the social and financial life of Britain. Initially a licence from the sovereign was required for a lottery to be promoted but legislation in 1698 made it necessary for each lottery to be sanctioned by a specific Act of Parliament.

Officially this statute was passed to protect the public from the clutches of unscrupulous private lottery promoters. Alex Rubner reports that in reality the statute was inspired by the government's aim of establishing a state monopoly in lotteries (1966: 19). Even though they could not run private lotteries, private promoters continued to make profits. The poor, who could not afford to purchase a state lottery ticket, were given the opportunity to place illegal side bets on the results of legal lotteries. This business, known as 'insurance' was transacted in gambling houses and through touts. The amount of money wagered on insurance was said to have equalled the sales value of the legal lottery tickets (Rubner, 1966: 19).

Non-private lotteries in Britain were of two types. First, there were semi-public lotteries sponsored by the sovereign, the Lord Mayor of London or public-spirited individuals, and organized for the repair of harbours, the colonization of Virginia, the provision of aqueducts for London, the construction of Westminster Bridge, an addition to the British Museum Library and similar "public" purposes (Rubner, 1966: 20). Second, there were the pure government lotteries, the proceeds of which went directly into the state budget or were employed to reduce the National Debt. In this period before income taxes, lotteries were widely used by the British government as a means of raising revenue.

By the end of the eighteenth century lotteries were utilized as a source of revenue in most Western European countries and in Mexico and Peru. A few lotteries were operated directly by the

state but it was more common for governments to regulate private lottery operators and secure revenue from sharing of ticket sales and/or the sale of franchises. As private lotteries became more numerous and fraudulent in this period, fluctuations between expansion and repression began. Lotteries were abolished by an Act of Parliament in 1699, permitted again in 1710 and suppressed, except for government lotteries, in 1721 (Scarnes, 1961: 128). After the French Revolution the lottery began to be opposed by Liberals throughout Europe as a disreputable source of state revenue. Legislation in 1826 brought an end to state lotteries in England on the grounds that some operations were fraudulent, they were a tax on the poor which "increased idleness and dissipation" and not an efficient form of revenue (Downes et al., 1963: 29). Thus it was implied that the poor contributed most of the lottery revenues and were, in the process, discouraged from seeking more productive solutions to their problems. It would seem, according to this report, that it was part of official ideology, in this period of competitive capitalism in Great Britain, that such solutions should be sought through work rather than chance.

Despite the rejection of lotteries in many countries during the nineteenth century they never completely disappeared. The lottery remained an old and established institution in some societies (Walker, 1963: 5). The Mexican National Lottery, for example, established in 1770, is over two hundred years old and, similar to more currently established lotteries, its profits have been used for hospitals, health centres, medical research

and child-care facilities. In the first part of the twentieth century interest in lotteries as a form of state revenue increased. Already existing lotteries in Spain, Mexico and Italy expanded operations in this period and they were reintroduced in France, Sweden and Ireland. The Irish Sweepstakes, established in its present form in 1930, actually goes back two centuries. Its avowed purpose was to finance medical aid and hospitalization for the poor of Ireland and, in spite of the fact that the sweepstakes were illegal outside of Ireland, they were widely sold in other countries. In early discussions of state lotteries in Canada, advocates justified their demands for state lotteries by pointing to the possibilities of recapturing the revenues for the Canadian state that were perceived to be going outside the country illegally to the Irish Sweepstakes.

In addition, during this period, 'interest lotteries' were introduced in some countries, including England, the U.S.S.R., Sweden, Norway, Belgium and Holland. Under this system, interest on government bonds was paid into a prize pool, rather than to bondholders, and prizes were given to bondholders in much the same way as prizes are given to ticketholders in a traditional lottery (Johnson, 1979). In 1956 Harold Macmillan, then British Chancellor of the Exchequer, issued premium bonds, in the Premium Bond Lottery, on which no interest was paid but 4% of total sales was set aside for prizes to bondholders (Walker, 1963: 6). Bondholders were eligible for a tax-free prize in monthly draws. Only the interest was wagered and the

bond could be cashed at any time for face value (Scarne, 1961: 128). The Premium Bond Lottery was not as successful as expected because it was feared that inflation would decrease the value of the bond investment and because prizes were not large enough to compete with those of football pools already in existence.

A Royal Commission on Betting, Lotteries and Gaming found that by 1950 football pools were a form of gambling in which a sizable portion of the British public frequently took part (HMSO, 1951). More currently, the "big league" British football pools function on a scale comparable to a national lottery. There are many ways to win in the pool and the size of the prizes varies from week to week depending on the number of successful forecasters, adding to the seductiveness of the game. While players are encouraged to believe that they are exercising some skill, research suggests that no matter how players prepare themselves through the use of studies, charts, graphs or sportswriters' advice, the odds against winning a top money prize remain astronomical (Sullivan, 1972). Furthermore, Gallup Polls and surveys suggest that it is the less well-off socio-economic groups in society, particularly the potentially upwardly mobile, who more often play the pools (Tec, 1964; Downes et al., 1976; Cornish, 1978). The British pools are operated by private companies but are regulated by government. Winnings are not taxable income but the government taxes pool operators a percentage of the total amount bet. The British government also gains some revenue through taxing off-track

betting and casinos but Great Britain still does not have a national lottery of the presently existing American or Canadian type. It seems that the British sports pools, particularly in their ideological aspects, are similar in their consequences to state lotteries in the United States and Canada. That is to say, sports pools in Great Britain seem to provide for many people an ideological diversion from sober reality.

The Early History of Lotteries in the United States

Lotteries were introduced into the United States from England by the Virginia Company of London in 1612 to support the Jamestown settlement. As in Western European countries, the history of American lotteries was one of alternating waves of expansion and reform. In all thirteen colonies lotteries were a favourite means of raising revenue for building bridges, roads, town halls, schools and universities. Columbia University was founded on lottery proceeds and some of Harvard's buildings were also financed in this way (Cook, 1951: 207). Benjamin Franklin and other prominent citizens sponsored a lottery to raise funds to buy a battery of cannons for the defence of Philadelphia. George Washington used a lottery to finance the building of a road over the Cumberland Mountains. In 1776 the Continental Congress authorized a lottery for the benefit of soldiers in the Revolution. In 1826 Thomas Jefferson, then eighty-three, land poor and in debt, was granted permission by the Virginia Legislature to use a lottery to dispose of some of his property. Thus there was a proliferation of privately operated

lotteries in the late eighteenth and early nineteenth century America, many of which became corrupt.

An illegal 'policy game' similar to the more contemporary numbers racket, developed in association with legally operated lotteries in the United States. Analogous to eighteenth century operations in England, policy shops sold 'insurance' for a small amount, such as ten cents, to those too poor to buy a ticket in the legal lottery (Ezell, 1960: 273). They used as their winning numbers those drawn in the legal lotteries making it unnecessary to hold illegal drawings which could be raided by police. Gradually, public attention began to focus on "the terrific levy made on the poor by this illegal, but flourishing trade in 'insurance'" (Ezell, 1960: 273). Counterfeit lottery tickets were sold to a deceived public and professional operators wormed their way into the management of legal lotteries and embezzled the funds. "State after state experienced cases of mismanagement and of suicides caused by embezzlement of funds to gamble in the lotteries" (Ezell, 1960: 273). Business complained that lotteries interfered with trade by siphoning money off that people should have been spending on their legitimate needs. Many states concluded that the abuses were too great to be controlled through legislation and by 1840 most states had passed legislation making them illegal (Scerne, 1961: 134).

The Louisiana Lottery, which ran for 25 years, was the last legal lottery to exist during this early period in the United States. This lottery flourished even in other states where it

was illegal. The lottery was chartered in 1869, was exempt from taxation and operated under a facade of charity, specifically for the New Orleans Charity Hospital. The lottery was also corrupt in a political sense in that it virtually controlled Louisiana politics for twenty years. Governors, senators and judges owed their positions to the influence of the lottery company (Cook, 1961: 206). In 1890, in the attempt to curb the operations of this lottery, the Congress passed a law which barred from the mails all letters, postal cards, circulars, lists of drawings, tickets and other materials referring to lotteries (Walker, 1963: 3). In the 1892 Louisiana state election the lottery was the major issue in the contest for governor. The pro-lottery candidate was defeated by the electorate at the polls (Cook, 1961: 206). The legislature subsequently passed a bill prohibiting the sale of tickets after Dec. 31, 1893. But the Louisiana Lottery Company moved to Honduras and attempted to maintain operations in the United States through the use of express and freight communications. Realizing that the 1890 legislation had not worked, Congress passed legislation in 1895 forbidding the interstate transportation of tickets in any form. This essentially eliminated legal lotteries but illegal ones continued to flourish.

Legislation in 1895 finally brought an end to the first great wave of legal lotteries in the United States. The factors explaining abolition were similar to those earlier stated for Great Britain. A report of the United States Department of

Justice in 1883 states:

Few of the present generation have an adequate conception of the hold upon social and commercial institutions which the lotteries obtained in the first 30 years of this century, of the rapid growth of the gambling spirit engendered by them, and of the vast evils resulting from them which overspread the country, or of the widely extended movement against them, among moral and thoughtful citizens, which culminated before the end of the half century, in their total suppression in many states and partial suppression in others (Walker, 1963: 4) (Emphasis is mine).

This quote suggests that as the lottery system expanded in the United States the problems associated with it became more apparent and subject to public scrutiny and criticism. Just as in the post-French Revolutionary period in Western Europe, lotteries in the United States gradually came to be regarded by many as a disreputable way to raise money for any cause. The flourishing policy game, in the nineteenth century United States, revealed itself as a levy on the poor by illegal operators. This was the case, Ezell states, because of "visionary and unreal expectations, debts, disdain for honest labour and impetus toward crime" (1960: 273). Ezell seems to thereby imply that lotteries created unrealistic hopes and offered an illusionary escape from the "real" world of hard work and/or debt and that some unscrupulous individuals would always be ready to exploit such a state of affairs for personal profit.

Lotteries in the United States during this period tended to be private operations licenced by the state. Given the illegal and dishonest activities connected to lotteries and the fact that they cast the greatest financial burden on those least able to pay it, lotteries were apparently not seen as a legitimate

activity in which the state should be directly involved. Such activity was perhaps not viewed as consistent with the prevalent view in dominant ideology that the "liberal-democratic" state represents the interests of all its citizens (Stocker, 1973). In contrast to these earlier American lotteries, currently existing lotteries in both the United States and Canada are operated directly by governments.

The experience of the Louisiana Lottery raises the question of the potential of state lotteries to influence political power. The significant sums of lottery money available to political incumbents from this lottery were a powerful tool in seeking the political favour of various groups and the electorate in general. It will be argued that this particular consequence of lotteries (political patronage) has become a highly significant aspect of current Canadian lotteries. These tendencies observed in relation to state lotteries of the past, then, inform our discussion of contemporary twentieth century lotteries in North America.

Twentieth Century Lotteries in the United States

Except for the Mexican Loterie, lotteries were not used to raise state revenue in North America after 1895, until the introduction of the New Hampshire Lottery in 1964 but many

illegal and often fraudulent lotteries continued to exist [1]. After 1930 the Irish Sweepstakes became the most popular illegal lottery in both the United States and Canada [2]. Despite the fact that the federal government and most of the states had strict legislation against lotteries, there were many advocates of lotteries. Agitation for lotteries peaked under the difficult economic conditions of the 1930's as well as during the Second World War.

At the federal level in 1934, Representative Edward Kenney from New Jersey argued, before a subcommittee of the Ways and Means Committee, for a national lottery. Kenney submitted evidence from official documents and individuals in other countries with national lotteries, such as Spain, Italy, Germany and Argentina, in support of his proposal (Walker, 1963: 8). During the thirties lotteries were also considered by the legislatures of several states, as well as a number of cities. Relief, boosting sales tax collections, schools, old age assistance and financing a veteran's bonus were some of the

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1. In the late 1920's and 30's Treasury Tickets and Baseball and Football Pools were widespread in the U.S. Treasury Tickets, using the last five digits of the U.S. Treasury balance as winning numbers, were operated by local sporting figures. These tended to be honest lotteries offering small prizes and being satisfied with small profits. The success of these sports pools tended to be intermittent as police and government agents attempted to enforce the laws against them..
 2. These sweepstakes were operated by a private corporation authorized by the Irish government and were based on three annual horse races. Fifty percent of the gross revenues were paid in prizes with a top prize of \$140,000. Fifteen to 20% of the revenue was given to Irish hospitals, approximately 6% went to the Irish government and most of the remaining 24-39% went to the promoters of the sweepstakes (Walker, 1963: 5).

purposes for lotteries suggested in the legislatures. Advocates of lotteries in New York City pushed their causes, ranging from hospital and charitable organizations, through higher pay for policemen, to general city revenue, throughout the thirties, forties and fifties. Private individuals and organizations were simultaneously promoting lotteries. Mrs. Oliver Harriman, widow of a Wall Street financier and exponent of charitable causes, founded the National Conference on Legalizing Lotteries in 1934, advocating lotteries for hospitals and similar institutions. Two other national organizations actually attempted to sponsor lotteries in a way which did not conflict with the law but the courts declared them illegal (Walker, 1963: 9).

The war years were also the occasion for lottery proposals. A Senator from Oklahoma and a former Congressman from Indiana proposed war bond lotteries in 1941 and 1942. A representative from Illinois proposed a national lottery for the duration of the war and a representative from Minnesota proposed a permanent national lottery, the revenue from which would be used to finance old age pensions after the war (Walker, 1963: 9). Proposals for a national lottery continued to be made in the fifties and sixties. A representative from the Bronx, in 1962, discussed the merits of national lotteries in forty-eight foreign countries, while speaking in the House for a national lottery. These lottery advocates, pointing to the existence of illegal lotteries and unsuccessful attempts by the state to stamp them out, argued that it was inevitable that people would gamble. For them, it followed then, that it would be better for

the state to operate lotteries because, unlike the underworld operations, they would be honestly run and the money going to foreign lotteries would be kept at home. The lottery, furthermore, was said to be a painless and voluntary source of revenue.

Arguments opposing lotteries drew on the experience with lotteries at home and abroad. This history indicated that, given the high cost of administering them, lotteries were not an efficient source of state revenue. A national lottery reduced the general standard of living, they argued, because people poured money into the lottery instead of useful commercial goods and rather than a voluntary tax, it was a tax on the poor (Walker, 1963: 12). There was considerable evidence which suggested that, compared to other types, the state lottery was a particularly pernicious form of gambling, encouraging the practice especially among the poor. Mabel Walker described the typical characteristics which differentiate the twentieth century lottery from other forms of gambling:

Many persons can invest a few dollars in racing and in gambling and for them it will be merely a harmless form of diversion. This is particularly true if the rewards are minor. But the lure of winning a fortune for the expenditure of a small sum on a lottery ticket, the easy procurability of tickets, and the sensational news stories concerning the large sums won by lucky ticket holders (with no corresponding publicity on the plight of the losers), constitute a much greater incentive to gambling, and particularly to gambling on the part of those who can not afford it (1963: 13).

These special characteristics are well demonstrated in the current wave of state lotteries in the United States and Canada.

The United States still does not have a national lottery in

1964 but, as we shall see, by 1975, thirteen states, beginning with New Hampshire in 1964, did have lotteries (Johnson, 1979). After much opposition and debate a lottery bill, which provided for a semi-annual sweepstakes with revenues earmarked for education, was passed in New Hampshire in 1963. Tickets with a price of \$3.00 were sold at state liquor stores and the three race tracks in the state with total prizes of \$200,000. New Hampshire had neither a sales nor an income tax and discussions of the lottery revealed that in order to be a successful source of revenue a large portion of the tickets would have to be sold to nonresidents (Walker, 1963: 10). New York introduced a similar type of lottery in 1967 with a lower ticket price and more frequent draws. Neither of these lotteries generated the expected amount of revenue, partly because of their structure and partly because of federal statutory restrictions.

A 1951 British Royal Commission on Betting, Lotteries and Gaming (HMSO, 1951) listed a number of structural factors which, in the view of the commission, contributed to an "overindulgence" in gambling. These factors included large money prizes, the frequency of opportunity for betting, the extent of personal participation, the odds against winning and the existence of credit betting. Robert Kinsey, in his contribution to the debate around state lotteries in the United States in 1963, argued that these exploitive factors were not present "to any harmful degree in the usual lottery" (12-14). Such a claim could perhaps have been made in relation to the 1964 New Hampshire lottery and the 1967 New York lottery.

Frederick Stocker argues that these lotteries were less successful than anticipated because of:

their failure to see the lottery as a consumer service, which if it is to be merchandized successfully, must be designed to appeal to consumer tastes and to be competitive with other consumer goods (1972: 437).

The 1970 New Jersey lottery and the Canadian state lotteries, which were developed about the same time, learned from this experience. They designed their lotteries "to appeal to consumer taste" and be competitive with other consumer goods by gradually incorporating into the structure of their games those factors identified by the British Royal Commission as conducive to an overindulgence in gambling. The New Jersey lottery featured lower priced tickets, more frequent draws, more numerous ticket outlets, numbered tickets instead of recording the purchaser's name and address, better odds and energetic promotion. Stocker says of the New Jersey lottery:

The results exceeded all but the most wildly optimistic predictions and demonstrated what a well designed and aggressively merchandised lottery could produce. Pennsylvania, Connecticut and Massachusetts, all entering the lottery business since the first of this year, followed the New Jersey pattern. New York and New Hampshire also modified their lotteries on the basis of New Jersey's experience (1972: 437).

Some of the difficulties encountered by the first twentieth century lotteries in the United States were due to federal statutes originally enacted to stamp out corrupt and illegal nineteenth century lotteries.

The ability of modern state lotteries in the United States to promote their games was restricted by federal postal statutes, interstate commerce laws and federal tax laws. No

ticket materials could be purchased, printed or delivered to a lottery from outside its own state. The mail could not be used to sell tickets, notify winners or send prizes. Radio and television could not be used to broadcast lottery information and it was illegal for residents of other states to buy tickets and take them back across a state border. Some federal laws, passed by Congress in 1864, which were designed to discourage lotteries were also problematical. An excise tax and a stamp tax to be paid by lottery ticket agents discouraged distribution and sales. The Tax Reform Act of 1976 explicitly exempted state conducted lotteries from the excise and stamp taxes but various other "federal disincentives" to public participation in state conducted lotteries still existed (Rumel, 1976). The federal government, for example, threatened to enforce federal banking laws against banking institutions participating in a lottery ticket distribution system. Federal tax laws discriminated against gambling income by taxing winnings and these tax laws were more effectively enforceable against legal than illegal gambling incomes. The operators of legal gambling in the United States argued that the result of these tax laws was to put them at an enormous competitive disadvantage vis-a-vis illegal gambling which was highly developed and organized in that country. By the 1980s it seems that state governments in the United States have been successful in overcoming these obstacles from the past and as a consequence their lotteries have flourished.

The History of Lotteries in Canada

Unlike twentieth century lotteries in the United States which faced many hurdles due to nineteenth century anti-lottery laws, Canadian lotteries faced no such barriers. In Canada, where all lotteries were illegal prior to 1968, with the exception of small raffles by churches and agricultural fairs under specified conditions, once the federal law was amended to permit lotteries under government authority no other laws specific to lotteries existed. The result was that all forms of mass communication could be and were used in the promotion and sale of Canadian lotteries, e.g., radio, television, newspapers, postal service, and lottery corporations could entice potential participants with tax-free winnings.

Lotteries appear to have been employed only rarely in raising state revenues in Canada in the eighteenth and nineteenth centuries. There were reports of a proclamation of the lieutenant governor of Nova Scotia, dated September 21, 1781, permitting a lottery to build a public school in Halifax (House of Commons Debates, Vol. III, 1934: 3308) and there was an attempt in 1849 to finance the Ontario, Simcoe and Huron Railway in this way (Johnson, 1976: 641) but state lotteries in Canada are largely a twentieth century phenomena.

English statutes prohibiting lotteries, enacted in the early part of the nineteenth century, were extended to Canada in a general act relating to lotteries in 1886. This statute was

substantially re-enacted in the first Criminal Code in 1892. Section 179 of the Criminal Code prohibited lotteries in general and exempted certain types from this general prohibition (Joint Committee of the Senate and House of Commons, 1956: 77-81; hereafter referred to as the Joint Committee). Small raffles at bazaars held for religious or charitable purposes could be licenced by municipalities. Foreign lotteries were specifically prohibited. In the intervening years between 1892 and the Criminal Law Amendment Act of 1969, which legalized lotteries under the authority of the government of Canada or the provinces, many additions and changes were made to the law in relation to lotteries in piece-meal fashion. These changes reflected the attempt to control the many illegal lotteries which existed. Specific additions in 1922 made it an offence to dispose of anything by any mode of chance or mixed chance and skill where the participant was required to wager money or something of value and to induce people to stake money on games such as dice, three card monte, wheels of fortune, etc. In 1925 a special exemption, with respect to these games and contests, was made permitting specific types of games at agricultural fairs. In 1932 an addition, making it an offence to transmit lottery materials in any way, such as express, intended to supplement prohibitions already contained in the Post Office Act, was made, reflecting attempts to control the sale of foreign lotteries, particularly the Irish Sweepstakes.

Legalized gambling, as a source of state revenue in Canada, began with the legalization of pari mutuel betting on horse-

track racing in 1912. Under the Criminal Code, the federal government supervised race-track operations, limiting the percentage of amounts bet which operators could retain and levied a small tax. Provincial governments were also empowered, under a licence act, to levy a tax on amounts bet and on race track admissions (Royal Commission on Taxation, 1965: 217). A Royal Commission on Taxation in 1965, searching out new sources of revenue for the Quebec provincial government, reported that they found illegal race-track betting to be very high thereby making state revenue less. The Commission recommended that the federal government should transfer both control of race tracks and the tax collected to the provinces. Similarly, early and continual proposals for state lotteries were presented as a new source of revenue for municipal, provincial and federal governments. Because the power to enact laws prohibiting and regulating lotteries lay with the federal parliament by virtue of its jurisdiction over criminal law, the nature of these proposals was most clearly demonstrated in the House of Commons Debates.

Proposals for state lotteries in the Canadian House of Commons peaked in the thirties and again in the early sixties. Three bills relating to state lotteries were introduced between 1931 and 1938 and eleven bills in the 1939 to 1963 period. Their advocates presented them as at least a partial solution to the increasing financial hardships experienced in these periods by first the municipal and later the provincial levels of the state. In 1931 an unsuccessful Soldier's Aid Society Bill

proposed a lottery "to promote the welfare of Canadian veterans" (House of Commons Debates, Vol. II: 2567). Also in 1931, a Conservative Senator from British Columbia introduced a Hospitals Sweepstakes Bill into the Senate (Senate Debates, 1931: 49). G.H. Barnard stated that every hospital of any size in British Columbia was incurring annual deficits. He claimed that hospitals could no longer go to municipal and provincial governments for additional financing because "both are sorely pressed for money. It was equally difficult to collect large sums from the public". The bill, if enacted, would have empowered the attorney-general of any province to authorize sweepstakes or lotteries within the province for the benefit of hospitals. Having been twice rejected in the Upper House the bill passed the Senate in April 1933 and went to House of Commons for consideration.

In 1934, at the same time the Hospital Sweepstakes Bill was before the House of Commons, a Liberal member from Quebec introduced a bill recommending another exemption to be added to those already existing in the section of the Criminal Code on lotteries. This exemption would declare that it would not be a criminal offence to conduct a lottery when organized by the government of a province for educational or public charitable purposes (House of Commons Debates, 1934, Vol. III: 3117). As we have already observed in the history of lotteries elsewhere, proposals for lotteries were typically justified in terms of the "good causes" which would be financed with lottery revenues. The assumption was made that to gamble was only human and

advocates of legalized state lotteries described what they viewed as the regrettable state of affairs in which illegal and often dishonest lotteries duped the Canadian public because there were no honest and legal alternatives of the type which the state could have provided. Given this state of affairs it was further argued that large sums of money were going out of the country to foreign lotteries or being squandered in fraudulent games. During this period the costs of providing health care, education and other social services were increasing and the ability of organizations to finance them through voluntary contributions was declining. A Liberal member from Hamilton observed the unsound financial basis, which a high reliance on voluntary giving, provided for the hospital system. The hospital system, he argued, should be the responsibility of the state and authorizing the state to operate Hospital Sweepstakes was one way of raising the revenue which the state would require for this purpose (House of Commons Debates, 1934, Vol. III: 3315).

In support of their lottery proposals, lottery advocates pointed to what they interpreted as a widespread public demand for state lotteries. A Conservative member from British Columbia, speaking in favour of the Hospitals Sweepstakes Bill, documented a 1932 plebescite in the City of Vancouver favouring lotteries and in addition he claimed that the British Columbia Hospital Association, the Union of British Columbia Municipalities and the Trades and Labour Congress had all expressed to him their desire for lotteries for these purposes

(J.A. Fraser, House of Commons Debates, Vol. III: 3279). Peter McGibbon, a Conservative member from Ontario, made a similar plea for the financing of health care through lotteries and presented a letter from the Central Council of the Red Cross Society of Ontario favouring the Hospital Sweepstakes. McGibbon, a medical doctor*, argued that there were many pressing health problems which were being neglected because of lack of funds (House of Commons Debates, 1934, Vol. III: 3308). The arguments in support of the second lottery bill before the House, which would have permitted provincial lotteries for the support of educational and charitable institutions were similar.

Quebec Member Pierre-Francois Casgrain introduced this second lottery bill, drawing heavily on Quebec experience as a basis for his arguments. The government of the province of Quebec had for some time been in favour of state lotteries, he said, as evidenced by the fact that a lottery bill had already passed unanimously both houses of the Quebec Parliament (House of Commons Debates, 1934, Vol. III: 3304). The only reason that Quebec did not have a lottery was because it would be illegal under the Criminal Code, a matter of federal jurisdiction, which, in this bill, he was asking the federal parliament to change. At this same time, in a set of forceful speeches before the National Assembly, Premier Taschereau was making the Quebec government's case in favour of lotteries (Text of Speeches, March 14, 1934). Casgrain explained the agitation for lotteries in the province of Quebec in the following way. He said the Quebec government was finding that:

*All biographical information on Members of Parliament was taken from the Canadian Directory of Parliament, 1867-1967, Johnson, 1968

many sources of revenue were drying up. Succession duties were bringing in less money; other taxes were very high and the government could not increase the taxes or find new methods of taxation in order to bring in the money needed for charitable and educational institutions (House of Commons Debates, 1934: 3304).

The Solicitor General of the Conservative federal government of the day said that, among other reasons, he was in favour of state lotteries to take to a certain extent the place of taxation. "I should call a lottery the best mode of taxation. It is voluntary or self-imposed taxation" (House of Commons Debates, 1934, Vol. III: 3295). The advocates of state lotteries seemed to agree that, because Canadians participated in illegal and foreign lotteries, people would inevitably gamble and that it was preferable that these gambling revenues go to the state to finance public programs.

Hugh Guthrie, Minister of Justice, did not, however, share the view of his colleague the Solicitor General. Referring to the report of a British Royal Commission on matters of betting, gambling and lotteries in 1933, he objected to the Hospitals Sweepstakes Bill in particular on economic grounds. He quoted the report as concluding that "lotteries are economically unsound and in their operation degrading to the community" (House of Commons Debates, 1934, Vol. III: 3304). He acknowledged the enormous amounts of money raised by the Irish Sweepstakes but he pointed to the relatively small amount of that money which actually went to the Irish Hospitals and that furthermore the British report stated that in the Irish case private donations to hospitals declined after the lottery began.

The Minister of Justice also commented on the widespread existence of fraudulent commercial lotteries in Canada. In many cases he said there really was not any lottery but only advertising devices to get money under false pretence. His solution to the problem differed from that of the advocates. He observed that the favourite subject of a lottery or sweepstakes ticket in Canada at the time was a car, the value of which clearly exceeded the limit on lottery prizes provided for in the Criminal Code. As Minister of Justice, he chastized the provincial law enforcement agencies for generally overlooking and rarely enforcing lottery laws. The proponents of lotteries took the same evidence of the pervasive existence of illegal lotteries and the inability to enforce the law against them as support for their view that there was a broad demand by individuals, groups and communities for legal lotteries and that Parliament should respond to these demands.

On a number of occasions during the debates on lotteries in this period, members of Parliament deplored an existing law which provided that an informer against the holder of a winning lottery ticket could claim his/her winnings. This law was perhaps a reflection of the ideological ambivalence concerning lotteries which apparently existed at the time. Consistent with that element of dominant ideology referred to as the competitive work ethic the view was taken by some that "the gambling spirit detracts from hard work". We see this view expressed earlier in relation to lotteries in the United States and Great Britain. According to H.A. Mullins, a Conservative Member from Manitoba,

this particular law penalized lottery players when they won (House of Commons Debates, 1934, Vol. III: 3295) but on the other hand it allowed informers to profit from lottery winnings acknowledging their reward value. Many proponents of lotteries shared the view that it would be undesirable for the state to "encourage the gambling spirit", but they observed, some with regret, that the widespread existence of illegal lotteries meant that some people would gamble notwithstanding laws against it. Furthermore, it was frequently argued that lotteries were a relatively harmless form of gambling. Presumably, lotteries would not encourage the "gambling spirit" because they were less appealing and addictive than dice, card-playing, casinos, horse races, etc. and the amounts wagered were small. It seems clear from the statements of lottery advocates in the House of Commons at this time that they did not conceive of state lotteries on the pervasive scale which they now exist. In answer to their critics they implicitly suggested that it would be paranoia to object to the bills before the House at that time on the grounds that they would encourage gambling. At the same time, however, another argument was being offered, in favour of lotteries, which tended to contradict this view.

Some advocates of legal lotteries argued that the lottery laws, as they then existed, discriminated in favour of the rich. The rich, it was said, could gamble on the horses and play the stock market to satisfy their "gambling instinct"; but no such outlets existed for the ordinary working person. This seems to imply that they believed that if legal lotteries

existed, which would presumably be cheap and equally available to all, then working class people who did not otherwise gamble would participate in them. A strong supporter of the Hospital Sweepstakes Bill expressed the argument this way:

I contend that the honestly conducted lottery is the humble worker's opportunity of playing the stock market or taking a flier on the races (House of Commons Debates, 1934: 3279).

A Senator was quoted as having expressed the same view when the Hospital Sweepstakes Bill had been before the Senate:

This is a poor man's bill. It gives him his stock exchange, his grain exchange and his mining exchange (House of Commons Debates, 1934, Vol. III: 3294).

Others, who opposed lotteries, turned the reasoning in these arguments around.

J.S. Woodsworth, the leader of the C.C.F. (Co-operative Commonwealth Federation) in the House of Commons, put it this way:

It is said that this is a voluntary tax. That is the reason I am opposed to it. We are also told that it is the poor man's chance to gamble. This bill means that the poor man is going to be taxed in an involuntary way to support first our hospitals and later on for our educational and perhaps our governmental expenses (House of Commons Debates, 1934, Vol. III: 3298).

Woodsworth was aware, largely based on his knowledge of the experience of other countries, that in practice lotteries are a "net so voluntary tax" on the poor. He also perceptively foresaw the possibility that, once legalized, the states would turn directly to lotteries as a source of revenue, first for an ever expanding list of special causes, such as education, public health, culture, sports and recreation and eventually for

general revenue.

The Presbytery of the United Church of Ottawa, the Synod of the Anglican Diocese of Ottawa and the Social Service Council were some groups who registered their opposition to the lottery and sweepstakes bills through Members of Parliament. J.L.

Brown, a Liberal-Progressive and a former member of the United Farmers of Manitoba and the Progressives party, spoke for some of these groups in his opposition to the Hospital Sweepstakes Bill. He said:

Is it wise for us to encourage men who ought to be spending their money in providing for wants of their families, men who are perhaps themselves on relief, to spend the few dollars that come into their hands in buying sweepstakes tickets? (House of Commons Debates, 1934, Vol. III: 3311).

This argument that because people are certain to gamble it does not follow that the state itself should promote such activity persisted throughout the history of lotteries. Academics, politicians and other commentators have raised some version of the following question in this regard. Is it the proper role of the liberal-democratic state, which at least in theory purports to represent the interests of all classes and groups in society, to base its financial structure, at least in part, on what has often been described as the weaknesses of its people? Fred Stocker, commenting on state-sponsored lotteries in the United States in the 1960's and early 1970's, said:

Under pressure of fiscal circumstances, our states seem to be establishing a tradition of converting activities once held sinful and illegal into, not merely accepted legitimate practices, but objects of public promotion (1972: 440).

Fred Cook stated, in his book on legalized gambling in the

United States, that the first wave of modern gambling, in that society, came in the depression ridden 1930's. In a wave of revulsion against the folly of liquor legislation, and in the financial crisis of the time, state after state turned to the legalization of race-track betting (1961: 207). Cook went on to argue, that once a form of gambling such as this was legalized, based on the argument that people want to gamble and the state might as well have the revenue, then there is no logic at all for refusing to legalize other types of gambling. We have already seen in the Canadian case, how the existence of legalized race-track betting was used by some to argue in the House for legalized sweepstakes and lotteries. Cook quoted a Massachusetts Crime Commission in support of his view that:

Gambling is not a basic human instinct but an acquired and cultivated habit that grows with exposure to temptation (1961: 227).

The state, in his view should not be cultivating the growth of such habits in its people.

The Conservative Prime Minister, R.B. Bennett, and the Liberal Leader of the Opposition, William Lyon Mackenzie King, similarly, took the view in the Canadian House of Commons in 1934 that lotteries were inappropriate state activity. They were, on this rare occasion, in complete agreement that the evidence drawn from many sources, including a British Royal Commission, weighed more heavily against state lotteries than for them. In their view it was not the role of the state to introduce legislation which would promote gambling practices (House of Commons Debates, 1934, Vol. III: 3319).

The concern was also expressed by the Secretary of State, the Leader of the Opposition and others that these lottery and sweepstakes bills would be ultra vires of the constitution, in the sense that the federal government, through the Criminal Code, would be authorizing Attorney-Generals to decide on matters of provincial jurisdiction so that it would be, they argued, an infringement on provincial jurisdiction by the federal government. This debate on lotteries and sweepstakes, it must be recalled, took place at a time when the constitutional division of powers and responsibilities between the provincial and federal governments were increasingly viewed as inadequate to meet the pressing economic problems of the day associated with five years of depression and the rise of the welfare state.

These political and economic conditions of the 1930's must be understood as providing the context within which lengthy debates on lotteries took place. Vernon Fowke observed that by 1920 it was recognized that practically anything that might be thought of by way of social reform would be, according to current judicial interpretation, excluded from federal jurisdiction and would therefore be the responsibility of the provinces (1967: 251). This included social security measures, education and public health. In addition, with the onset of the depression in the 1930's, municipal and provincial resources proved inadequate to meet the burden of unemployment relief in that emergency. A series of resolutions, recommending amendments to the British North America Act which would permit the federal government to deal with these urgent economic

problems, were introduced and rejected in the House between 1921 and 1934. By 1935, the Prime Minister, the Leader of the Opposition and many others had joined the ranks of those arguing constitutional amendments (Fowke, 1967: 253).

Fowke suggested the Canadian New Deal Legislation of the middle thirties was the first clear-cut evidence that there was a widespread conviction that the federal government must assume increasing responsibility for economic and social conditions in Canada and that behind this conviction was the economic stress of the depression years, as well as the generally changing social opinion on the social obligations of government (1967: 256). In the debates surrounding the Bennett government's reform legislation, there seemed to be general agreement that reform was necessary. The new Liberal government in October 1935 appointed a Royal Commission on Dominion-Provincial Relations to study the situation and prepare the ground for reform. This Rowell-Sirois Commission Report recommended a transfer of revenues and responsibilities from the provinces to the federal state but there was repeated failure in Dominion-Provincial Conferences to agree on measures of constitutional amendment (Fowke, 1967: 256).

In lieu of constitutional amendments, the solution became one of federal grants-in-aid to the provinces. Grants-in-aid were given to the provinces to pay one-half the cost of Old Age Pensions in 1927, renewed yearly to help the provinces bear the burden of relief in the 1930's and later, in the 1940's, to assist in the cost of public health and education. While the

Hospital Sweepstakes Bill and the lottery bill were rejected in the House in 1934, it seems clear from the debates reviewed, that their advocates saw them as possible sources of revenue for the very pressing financial problems of municipal and provincial governments. State lotteries were not really a matter requiring constitutional amendment but rather only required the federal government to amend a section of the Criminal Code.

One additional bill to amend the Criminal Code to permit provincial sweepstakes was unsuccessfully introduced in the House in 1938 (House of Commons Debates, Vol. III: 2863) essentially representing the last attempt to introduce state lotteries until the 1960's. It seemed that in the war-time environment and during the post-war economic boom interest in state lotteries waned. In 1953 there was a proposal for a national hospital's lottery (House of Commons Debates, 1953-54, Vol. I: 316-317) and at the same time a proposal for a Criminal Code Consolidation Bill to amend the Code on many issues, including lotteries (House of Commons Debates, 1953-54, Vol. I: 951). The Minister of Justice of the Liberal government of the day recommended the appointment of a joint committee of both Houses of parliament to study the Criminal Code relating to capital punishment, corporal punishment and lotteries. This committee, which reported in 1956, was asked to inquire into whether the law should be amended and, if so, in what manner and to what extent.

The Joint Committee of the Senate and House of Commons on Capital Punishment, Corporal Punishment and Lotteries (Joint

Committee), in their 1956 report, stated that in their view there was no widespread support or demand for state-operated lotteries in Canada. Most representations before the Joint Committee favouring liberalization of lottery laws were not appeals for state lotteries. Most were requests for liberalization and clarification of the law in relation to lotteries and bingo games for charitable, religious and community purposes. The Attorneys-General of most provinces, the Canadian Association of Chiefs of Police and the Commissioner of the Royal Canadian Mounted Police, all representing the view of law-enforcement agencies, favoured relaxation and clarification of the law. They argued that lack of "public support" (the public was participating in illegal games) for existing lottery laws resulted in an inability to enforce the law. They contended that a system that provided for licencing and control laws, rather than prohibition, would be more enforceable and enable them to prevent individuals from profiteering from charitable lotteries. Law-enforcement officials were not unanimously agreed on the issue, however. The Assistant Director of Police for the City of Montreal and the Police Chief of Hull joined the ranks of those representing opposition to liberalization of the laws before the Joint Committee. They argued that experience with lotteries elsewhere demonstrated that better control through licencing and similar methods did not stop illegal sales of foreign and fraudulent lotteries and that to relax the law to permit more lotteries only provided greater opportunity for the criminal elements who

would infiltrate them.

Relaxation of existing lottery laws was also opposed by the Canadian Council of Churches and the Canadian Welfare Council, largely on moral grounds and the observed tendency of lotteries to exploit the poor. On the other hand, groups wishing to use lotteries and similar activities for their own purposes, e.g., the Canadian Legion and the Canadian Association of Exhibitions, supported the liberalization of lottery laws. The existence of a great variety of advertising contests similar to lotteries to promote the sale of merchandise was documented before the Joint Committee. These commercial lotteries were opposed by the Retail Merchants Association of Canada who argued that not only were many of these contests fraudulent and "fostered the gaming spirit", but they placed the small independent merchant at a disadvantage in relation to large stores which could more easily absorb the cost of prizes and other expenses which that form of promotion inevitably creates (Joint Committee Report, 1936: 67-71). For reasons such as these small merchants have historically been opposed to lotteries.

As was observed in relation to the 1930's debates on state lotteries in the House of Commons, arguments made to the Joint Committee were of a moral, ideological and practical nature. On moral and ideological grounds it was argued that lotteries are inherently wrong because they are based on chance, having adverse effects on both individual and society because they foster a desire "to obtain something for nothing". Ideologically speaking, within the context of a "free

enterprise" society, this seemingly implies that the proper avenue for achieving "something" is through individual effort - work. In this ideological sense, at this time, lotteries were viewed as having undesirable social and economic consequences. As in the case of nineteenth century lotteries in Great Britain and the United States opposition to state lotteries in twentieth century Canada were often based on rather practical reasons (Joint Committee Report, 1936: 67).

Lotteries, it was argued, were not a satisfactory or efficient form of revenue for charitable or any other cause because such a high proportion of the money raised was devoted to prizes and expenses, especially where there was competition between lotteries to attract customers. The fear was also expressed that charitable lotteries would undermine charitable giving [3]. A study of the effects of Wintario profits, an Ontario Lottery Corporation (O.L.C.) game discussed in Chapter 5, suggests that these fears were not entirely ill-founded (Johnson, 1979). The Joint Committee therefore recommended in their report that all lotteries should be prohibited except those "clearly and definitely exempted" and sought to eliminate the "ambiguities and inconsistencies" which currently existed in the lottery laws. They suggested some liberalization of the laws related to lotteries for charitable, religious and community purposes, at non-commercial social gatherings and agricultural fairs. They recommended that bingo and

3. It has already been observed that the Irish Sweepstakes were perceived to have had this effect on donations to Irish hospitals.

Similar games, falling under the Gaming Section of the Criminal Code, be dealt with in the same way as lotteries and that all advertising contests in which chance played a part, i.e., commercial lotteries, should be clearly prohibited. They also proposed that state lotteries should continue to be prohibited (Joint Committee Report, 1956: 75-76), mainly for ideological reasons as the following recommendation suggests:

The Committee has concluded that no useful purpose could be achieved by the institution of a state lottery in Canada. It considers that the proper role of the state is to control and regulate such gambling activity as is permitted to private citizens by the general law, and that it is not appropriate for the state to provide facilities for gambling to the public. The Committee includes, in the prohibition of state lotteries in Canada, those which might be operated by provincial and municipal governments (Joint Committee Report, 1956: 68-69) (my emphasis).

The Joint Committee's comments here clearly conveyed the view that gambling was not a legitimate activity for the Canadian state. Although the Joint Committee recommended against state lotteries in 1956, representatives of the state at various levels continued to press for lotteries. At a Federal-Provincial Conference in 1963, the Prime Minister of Quebec, Jean Lesage, proposed that the federal government should amend the Criminal Code to permit lotteries for provincial purposes. In making this proposal, Mr. Lesage stated that he was repeating a demand which Quebec had made on previous occasions. Lotteries, when accepted, he said, would bring the provinces desiring it "additional income for which they have pressing need at this time" (Federal-Provincial Conference, 1963: 50). It was pointed out that two Acts permitting state lotteries had passed

the Quebec Parliament in 1934 and 1950 but that both had been dead issues because of lottery prohibitions in the Criminal Code.

A Royal Commission on Taxation (Belanger Commission), established by the Government of Quebec to seek out new sources of provincial revenue, commented on the state lottery in their 1965 report. The Commission attempted to estimate the amounts of revenue which the Quebec government could expect from a provincial lottery if it was established. They based their estimates on the revenue raising experiences of other countries with state lotteries and sweepstakes and observed that lottery profits varied widely from one country to another. Given the best possible scenario, they estimated that the amounts of revenue which the Quebec government would receive from a lottery would be insignificant in comparison with its expenditures, particularly expenditures for education, health and social welfare. This report did not dissuade state representatives from Quebec from continuing to press the federal state for lotteries.

After the 1956 Joint Committee Report, until 1967, when the Criminal Law Amendment Act was tabled by Liberal Minister of Justice, Pierre Trudeau, private member's bills proposing lotteries were continually before the House of Commons. As in the lottery debates of the 1930's, Quebec Members of Parliament often introduced these bills and were persistent advocates of both national and provincial state lotteries. At the same time, the Conservative Minister of Justice acknowledged in the House

in 1962 that Premier Lesage of Quebec had corresponded with him requesting an amendment to the Criminal Code to permit provincial lotteries. Roger Parizeau, a Conservative Member from Quebec, proposed a national lottery, the proceeds of which would be made available to a Canadian Mortgage and Housing Corporation Fund, as a way of reducing interest rates and boosting the economy through the construction industry (House of Commons Debates, 1959, Vol. III: 2818-19). In January 1960, a Liberal Member from Ontario, observing that the municipalities had been requesting the federal government for assistance in obtaining loans at interest rates they could afford to finance essential municipal projects, proposed an Interest Bond Lottery of the British type (House of Commons Debates, 1960-61, Vol. I: 230). At the same time J.L. Pigeon, another Conservative Member from Quebec, introduced a bill to amend the Criminal Code to permit provincial lotteries for the benefit of hospitals and universities (House of Commons Debates, 1960-61, Vol. I: 35).

Mr. Pigeon was the most persistent advocate of state lotteries in the House during the six years of Conservative government under John Diefenbaker ending in April 1963. In July 1960, Mr. Pigeon proposed a national lottery for social security the proceeds of which would be used to increase old age pensions and raise family allowances (House of Commons Debates, 1960-61, Vol. VII: 6531). In November 1960; he introduced a bill for the establishment of a Canadian Lottery Commission (House of Commons Debates, 1960-61, Vol. I: 28) and again in 1962 a bill for a national lottery to increase Family Allowances (House of Commons

Debates, 1962, Vol. I: 33). While he introduced four bills related to lotteries in this period, Pigeon was unable to convince enough of his colleagues in the Conservative government to act. As in the 1930's, a bill proposing a national hospitals sweepstakes was introduced by a Conservative Member from British Columbia in 1960 (House of Commons Debates, 1962, Vol. I: 65) and again in 1962 (House of Commons Debates, 1962, Vol. I: 29), perhaps reflecting the continuing difficulties for the British Columbia government in financing the Hospital Insurance Act introduced by that province in 1949.

In the debates over lotteries, in both the 1930's and the 1960's, there were Conservatives and Liberals on both sides of the issue. In the 1930's all C.C.F. members who spoke on state lotteries were opposed but in the early 1960's at least two C.C.F./N.D.P. Members spoke in favour. Both had apparently accepted the inevitability of lotteries. Douglas Fisher, a C.C.F./N.D.P. Member from Ontario, spoke in support of a national lottery, pointing out that all three political parties in his area conducted lotteries and raffles to raise party funds and that already the Canadian government was allowing the sale of the British Bond Lottery to Canadians through Canadian banks. Similarly, Harold Winch, a C.C.F./N.D.P. Member from Vancouver, who had been a dissenting member of the 1956 Joint Committee, said that the widespread participation by Canadians in foreign lotteries and in raffles and bingos by political, fraternal and religious organizations demonstrated for him "a certain instinct for gambling in people" (House of Commons

Debates, 1960-61, Vol. XII: 2898; Vol. VII: 6970-71). He said he would, therefore, support any lotteries or sweepstakes bill for social purposes. Winch stated that this was a personal view and not the view of his party. Just as J.S. Woodsworth spoke forcefully against state lotteries in the 1930's debates, N.D.P. spokesmen, T.C. Douglas and Stanley Knowles vehemently opposed the Criminal Law Amendment Act with respect to state lotteries in the late 1960's.

The arguments offered as a justification for state lotteries in the 1960's were similar to those offered earlier. There was, it seemed, general agreement on the pressing need for revenue of municipal and provincial governments, particularly in the areas of education, health care and social security. Also, the existence of foreign and illegal lotteries was taken by lottery proponents as evidence of their inevitability. The issue of car raffles was a long standing one in the House and at that time hockey pools and new forms of commercial lotteries, such as trading stamps and lucky bottle caps, were criticized. Once again the general argument was made by advocates that if people were going to engage in such activities anyway then why not divert such profits for "good public purposes".

Conservative Member Georges Valade from Quebec did not want to call lotteries gambling but rather an incentive or stimulus to people to give some of their money for charitable and social purposes (House of Commons Debates, 1960-61, Vol. VII: 6971). Remarks by another state lottery advocate seemed to indicate that he conceived of state lotteries in the future as similar in

their structure and distribution to the lotteries which existed at that time.

The prizes which are given away are not huge. The fortunate winners cannot desert their legitimate occupations and start lives of ease, but they are substantial prizes that attract the support of the public and in that way provide much needed money (K.H. More, Conservative, Regina City, House of Commons Debates, 1962, Vol. I: 280).

These comments suggest that the Member viewed existing non-state lotteries for "good purposes" as relatively harmless.

The lotteries he described, however, bore faint resemblance to the big money widely distributed and promoted state lotteries of the 1970's and 80's. In addition many lottery advocates were concerned with the "jurisdictional and displacement of funds problems" associated with competing provincial lotteries and favoured national ones as a solution (House of Commons Debates, 1960-61, Vol. III: 2898). This problem was later overcome as we shall see when the provinces formed the Interprovincial Lottery Corporation (I.P.L.C.).

The federal election of 1963 brought in a new Liberal government. It was pointed out by state lottery advocates that some Liberal Members of Parliament had promised during the campaign, if elected, to seek an amendment to the Criminal Code to permit state lotteries. At the beginning of the 1963 Session of the House, the new Justice Minister was asked if he was going to propose such an amendment. Mr. Pigeon, at the same time introduced a bill calling for provincial sweepstakes for hospitals and universities. Georges Velade, Pigeon's Conservative colleague from Quebec, introduced a bill to amend

the Criminal Code to permit lotteries and Gerard Perron, a Social Credit member from Quebec, introduced a similar bill to amend the Code to permit provincial lotteries. Notwithstanding these constant demands for state lotteries, it was not until 1967 that the federal government finally introduced a Criminal Law Amendment Bill which would permit federal and provincial lotteries.

Amendment of the Criminal Code with respect to lotteries was presented as part of an omnibus bill which also dealt with such matters as homosexuality and abortion. The bill would remove lotteries from the Criminal Code and permit them under the authority of either the federal or provincial governments. The municipalities would be able to conduct lotteries only where they were appointed as representatives of the provinces. John Turner, Liberal Minister of Justice, in discussing the bill, argued that it merely removed lotteries from the Criminal Code making them a matter of public policy, rather than criminal law, for which the government of the day would be responsible. It did not establish a new tax, he argued, because no lottery scheme was being set up and it was not a stamp of approval on state lotteries but merely made them possible. He described it as a local option as to whether lottery schemes ought to be established. The government of a province would have to go before its legislature and get approval for a lottery (House of Commons Debates, 1969, Vol. V: 4721-2). His critics pointed out that if the bill passed the federal government would require no such approval for a lottery.

Critics of the bill, with respect to lotteries, favoured changes in the Criminal Code which would enable charitable, fraternal and religious organizations to carry out lotteries for their purposes. In most of these cases the overwhelming majority of the funds was raised by their own members and could be regarded as a "tax on themselves" to pay for the needs of their own organization (House of Commons Debates, 1969, Vol. VII: 7785). Many members, on the other hand, were opposed to legislation which would permit state lotteries. Stanley Knowles, an N.D.P. member from Manitoba and critic of the bill, proposed an amendment to the bill which would permit liberalization of the law with respect to pools, raffles, bingo games, etc. under strict control but which would prohibit state lotteries (House of Commons Debates, 1969, Vol. VII: 7775-8). Mr. Knowles queried the Justice Minister as to why, if he did not intend to establish a federal lottery, was he insisting on that permissive clause in the legislation. Mr. Knowles argued that it was only a matter of time until both the provinces and the federal government, under economic pressures, would resort to lotteries.

Mr. Knowles based his proposed amendment on arguments which we have heard before. The first thing that was wrong with lotteries, he argued, was that they were a form of taxation, "the most regressive form that could be imagined".

When lotteries are used by governments, federal, provincial or even municipal for that matter, for the purpose of raising taxes there is no relationship whatsoever to the ability of people to pay. In fact those who are least able to pay are those who are enticed by the possibility of winning a prize. They are the people who can least afford

to lose their money in this way and they are the ones who lose the most (House of Commons Debates, 1969, Vol. VII: 7775).

He pointed out that this type of taxation entirely contradicts recommendations by the 1962 Carter Royal Commission for a fairer tax system (Royal Commission on Taxation, 1966). The Commission described the Canadian tax system as already highly regressive. T.C. Douglas supported his N.D.P. colleague in this argument.

Mr. Douglas said that in countries operating state lotteries a major part of the revenue was coming from the poorest and most desperate people. The Canadian Constitution, he said, set out various areas in which the respective levels of government could levy taxes. He observed that the responsibilities of the municipalities and the provinces had grown, whereas their access to sources of revenue had not and they now faced financial difficulties. The solution, as he saw it, was to re-allocate tax fields or reassess fields of jurisdiction for which levels of government were responsible not to introduce a scheme for raising revenue through lotteries:

If a government is going to be fair, democratic and just, surely it ought to be endeavouring to raise its revenues on the basis of people's ability to pay, not on the basis of selling tickets to the most credulous (House of Commons Debates, 1969, Vol. VII: 7806).

Members of Parliament from parties other than the N.D.P. shared this view that lotteries were a hidden or concealed and regressive tax. In a similar vein, a member of the Conservative party expressed this view:

I suggest this is a mug's game or a method of talking poor people into spending money ill-advisedly on the chance that lightning will in some pleasant way strike them (Robert McCleave, Nova Scotia, House of Commons Debates, Vol. V: 4860).

Similarly, a Social Credit member said:

In my opinion this way of imposing a disguised or voluntary tax is unjust because it affects those who cannot afford to pay taxes (Gerard Laprise, Quebec, House of Commons Debates, 1969, Vol. VII: 7824).

These arguments suggest that, at least for some, lotteries were not viewed as an appropriate activity for a liberal-democratic state because they were regarded as an unjust form of revenue. These critics of the Criminal Law Amendment Bill criticized the government for not admitting that their intentions with respect to this bill were to subtly introduce a new tax. Members for and against the bill repeatedly pointed to the continuing demands on the federal government from the provinces and the municipalities for new fields of taxation to meet their pressing financial needs:

Faced with reiterated representations from the various public bodies of the provinces, the government which is no longer willing or able to give such powers, now offers them this indirect form of taxing the Canadian citizen (Gerard Laprise, Social Credit, Quebec, House of Commons Debates, 1969, Vol. VII: 7824).

J.A. Mongrain, an Independent Liberal from Quebec, arguing in favour of the bill, commented that the Union of Quebec Municipalities and the Canadian Federation of Mayors had been for years, most recently at their 1963 Annual Conference in Toronto, passing resolutions requesting the transfer of control over lotteries to the provinces. The critics and some advocates argued that the federal government was indirectly responding to these requests with this bill. Andre Fortin, of the Ralliement des Creditistes, pointing to the existing economic conditions in which unemployment was very high and governments tended to

borrow money from abroad to finance their affairs, said that "The provincial, municipal and federal governments wish to seek a form of revenue other than taxes because the population is overtaxed at the federal, provincial and municipal levels" (House of Commons Debates, 1969, Vol. VII: 7787). Les Benjamin, an N.D.P. member from Saskatchewan, expressed a similar view when he said:

But surely, it is not logical in a democratic society for a government to attempt to evade responsibility and the consequence of taxation by using lotteries as a mythical, easy way to help finance government (House of Commons Debates, 1969, Vol. VII: 7786).

Those opposed to state lotteries at this time also objected on the grounds that they were not a reliable source of revenue. Stanley Knowles argued that the great social improvements expected, based on the money raised by the recent New York Lottery, the Irish Sweepstakes, and the City of Montreal Lottery introduced in 1968 by Mayor Drapeau had not materialized. David Lewis, the Leader of the N.D.P., shared these concerns. He feared that depending on lottery revenues for social welfare purposes would destroy government planning because the Minister of Finance would not know what funds would be available (House of Commons Debates, 1969, Vol. V: 4760).

These debates on lotteries around the Criminal Law Amendment Act suggests that, while the Liberal government of the day refused to concede the point, Members of Parliament on both sides of the debate saw this legislation as an attempt to introduce state lotteries as a new and relatively unobtrusive form of tax for both provincial and federal governments faced

with revenue problems. It seems reasonable to argue, however, that the lottery advocates of the 1930's and 1960's did not conceive of state lotteries on the scale which they exist to-day. Proposals for lotteries, prior to the 1969 Act, were made through private member's bills and parties permitted a free vote on the matter. No apparent party line emerged for the two major parties, Conservative and Liberal. The C.C.F./N.D.P., on the other hand, with a few exceptions in the early 1960's, were outspoken opponents of state lotteries. Individual members of the Social Credit and Ralliement des Creditistes varied from avid opponents to reluctant supporters but generally took the approach that it was "a sad state of affairs when a democratic government had to resort to such measures as lotteries to finance their affairs". The general impression one gets from these debates is that with state lotteries it was more a case of imposition from above by governments faced with difficult economic problems rather than a case of strong demand by the people. Advocates throughout the debates justified their position by arguing that people wanted them. They referred to widespread participation in illegal and foreign lotteries as well as popular opinion polls to support this claim (House of Commons Debates, 1934, Vol. II: 2164; 1960-61, Vol. III: 2891; 1969, Vol. VII: 7830). Notwithstanding these purported demands, it was not until the federal government introduced a bill in 1967 that legislation permitting lotteries became a serious consideration. Just as in Great Britain, the United States and elsewhere, the introduction of state lotteries in Canada was justified in terms of "Good" and pressing causes such as health care, education, social security and recreation.

The change in position on state lotteries by the federal government seemed to have little to do with the fact that the government of the day was Liberal. It had more to do with the fact that by the late 1960's the federal government was beginning to experience the revenue crisis which the provincial and municipal governments had already experienced with great intensity (4). The source of earlier demands for state lotteries was the provinces and the municipalities. It was not, however, until the revenue crisis became real for them (Chapter 6), that the federal government not only agreed but introduced legislation itself to permit state lotteries. Perhaps in a social climate in which governments perceived that people in general were less critical of lotteries, the federal government felt it could take the political risks associated with the negative aspects of lotteries, in return for the revenues they would bring. As predicted by Stanley Knowles, in his opposition to the Criminal Law Amendment Act, once it was introduced both the provinces and the federal government, in rapid succession, introduced lotteries. The Act was passed in June 1969 (House of Commons Debates, 1969, Vol. X: 10713), came into effect in January, 1970 and by 1976 all provinces and the federal government had established lotteries.

4. It is important to note here that, as O'Connor observed, the fiscal crisis of the state follows its own logic and is not merely a reflection of the accumulation crisis in the capitalist system. In the 1960's, the fiscal crisis at the municipal and provincial levels of the state was associated with their growing social expenditures (Figure 1, Chapter 6: 191). According to judicial interpretation of the British North American Act (B.N.A.), responsibility for welfare state programs rested with the provinces and local governments. Historically, state lotteries were associated with the funding of social and charitable projects. Unable to agree with the federal government on an amendment to the B.N.A. Act to increase their taxing powers for social purposes, it is not surprising that the provinces pressed the federal government to legalize lotteries as a partial and temporary solution for the funding of social programs.

Summary

Gambling was generally defined at the beginning of this chapter as the betting of something of value, with the consciousness of risk and hope of gain on the outcome of "a chance event". Gambling is the conscious use of chance events. Chance events, such as the casting of lots existed in virtually all cultures. Chance is "one of the conceptual tools by which man gains mastery over his world - his social world in this case - or accepts his lack of mastery over it" (Aubert, 1980: 74). In precapitalist societies it was believed that many political decisions were made by supernatural forces or beings through the use of chance devices. This process apparently had the effect of legitimating political decisions in the eyes of the citizenry by making them seem more equitable in the sense that no human criteria such as wealth, intelligence or deceit influenced the outcome. The role of chance tended to be unconscious and accidental in early societies but gradually became more conscious and intentional as cultures developed (Aubert, 1980: XII). There appears to have been some reluctance to turn to the deliberate use of chance devices in social affairs as reflected in the apparent need to justify it by linking it with charitable deeds. Rosenthal substantiates this tendency even in the ninth century accounts in Muslim poetry of "mayair" among the rich in Muslim societies. In early and advanced capitalist societies when states in difficult financial circumstances turned to lotteries as revenue they similarly found the need to justify their activity in terms of the charitable or "good causes"

funded.

We observed that state lotteries in Canada were characterized by their relatively late development in the second half of the twentieth century. Due to Canada's status as a British colony and its geographical proximity to the United States, the eventual development of Canadian lotteries is best seen in the context of the development of state lotteries in those societies in earlier periods of capitalist development. State lotteries in both Great Britain and the United States are characterized by alternate waves of growth and abolition. In the precapitalist and early capitalist stages of development, state lotteries proliferated in both societies. In this period, prior to income tax, these states attempted to monopolize lottery revenues, either through state regulation or state operated lotteries. While revenues from the latter went directly into general revenue, the former were justified in terms of the need to finance the building of roads, harbours, bridges and other community, cultural and educational facilities. In the heyday of competitive capitalism, however, state lotteries declined in both Great Britain and the United States as demonstrated by their abolition in Great Britain in 1826 and in the United States in 1895.

In this period of economic expansion the state's revenue needs were probably reduced and the ideology of "equal opportunity" through work would have seemed a more valid argument. In Great Britain it was argued, in support of the 1826 legislation which brought state lotteries to an end, that

they "increased idleness and dissipation", implying that lotteries discouraged the "incentive to work" an important ideological tool, it can be argued, in persuading people to work in a capitalist society. As a basis for abolition of state lotteries it was also argued in both societies that many fraudulent operations had sprung up in relation to them and that lotteries were a tax on the poor. The most prevalent fraudulent operations were "insurance" and "policy" shops which preyed on those who could not afford a legal lottery ticket. Implicit in these arguments around the abolition of state lotteries in nineteenth century Great Britain and the United States was the recognition that workers and the poor were most vulnerable to the temptations of the flight into fantasy which a lottery provides and that during this period in the development of capitalist society this was an undesirable effect.

Notwithstanding the negative history of lotteries, two waves of demands for state lotteries in the United States and Canada peaked again during the 1930's and particularly in the 1960's. Pressures for lotteries in the 1930's arose out of the financial difficulties experienced by the state due to the social and economic problems arising out of the "great" depression. The demands were justified in terms of the need to finance unemployment relief, education, health and similar social services. Attempts to introduce state lotteries were unsuccessful in both the United States and Canada at this time. In Canada, representatives of hard-pressed provincial and municipal governments were unable to convince their federal

counterparts to amend the Criminal Code to permit lotteries. The wave of demands for lotteries in the 1960's was more successful ending in their rapid development in both the United States and Canada in the 1970's. State regulated football pools were already big revenue producers in Great Britain by the 1950's. The 1960 proposals in Canada also came largely from provincial and municipal governments desperately searching out new sources of revenue to finance their responsibilities associated with further developments in the welfare state and the war on poverty.

These advocates argued that the widespread existence of illegal lotteries in Canada demonstrated that people would gamble anyway, notwithstanding laws against it. Thus, they argued, governments were justified in diverting illegal funds into the public coffers to be spent on health care, education, social security, recreation and similar "public causes". Arguments against state lotteries echoed those repeatedly made in Great Britain and the United States where they had been alternately introduced and abolished. Members of the four political parties in the House of Commons fell on both sides of the issue during the recurrent debates. The parties did not take a particular stand on the issue, except for the C.C.F. and N.D.P. which argued against lotteries on the basis of inequity. It seems apparent that the federal government agreed to amend the Criminal Code to permit state lotteries in 1969, despite opposition to them on moral and ideological grounds, because it was beginning to feel the revenue crisis, long experienced at

the provincial and municipal levels.

Some lottery critics in the House of Commons saw the 1969 Criminal Law Amendment Act as an offer from the federal government to the provincial governments to indirectly tax Canadians. Observing that people were already overtaxed these critics saw the bill as an attempt by governments to avoid the responsibility and political repercussions of taxation. It would be less controversial politically to introduce lotteries than to increase taxes. On the other side of the debate lottery advocates offered the results of various unofficial polls of Canadians and the existence of illegal lotteries as evidence for the fact that "the people wanted state lotteries". The federal government argued that by passing the Criminal Law Amendment Act it was not introducing a lottery but only making lotteries possible. As the critics pointed out, however, once they were legal, governments in search of revenue were unable to resist the temptation to introduce a state lottery. The discussion of the development of Canadian state lotteries in Chapter 4 demonstrates that the critics were correct in their predictions. Under economic pressure it was only a matter of time, a very short time in fact, until the provincial and federal governments introduced lotteries.

CHAPTER 4.

DEVELOPMENT AND STRUCTURE OF CANADIAN LOTTERIES

The 1968-69 Criminal Law Amendment Act cleared the way for the various levels of the state to engage in lotteries, either directly, or indirectly through licensing. By 1976 all the provinces, the territories and the federal government were directly involved beginning with Quebec in 1970. State lotteries were established as Crown corporations structured and operated in a manner similar to private business organizations. Given that state lotteries in advanced capitalist society must compete with other purchases for consumer dollars, the Crown corporation, as we shall see, proved to be an appropriate instrument for the state in generating lottery revenues. Lottery corporations innovatively and aggressively promote their games to generate profits. In this process the corporations have integrated into their game structure most of those factors which the British Royal Commission on Betting, Lotteries and Gaming (1951) identified as conducive to "overindulgence" in gambling. The result of this lottery structure, we shall argue, is the creation and dissemination of a 'chance ideology' which has certain consequences for Canadian society and its members, as well as for the state itself. The importance placed on lotteries by Canadian governments is reflected in the conflicts which characterize their development. The history of Canadian state lotteries tells the story of how the provinces managed to monopolize lotteries against both the federal state and non-

profit organizations.

A Chronology of Canadian State Lotteries

The period between 1970 and 1976 saw a great deal of state lottery activity in Canada. All the provinces and the federal government established lotteries (Table 1). With the exception of Loto Canada, the federal lottery corporation which was officially terminated in 1979, this list of provincial and regional lottery corporations remained unchanged in 1984.

Table 1

Canadian Lottery Corporations Introduced 1970-76

Year Established	Lottery Corporation	Government to Which Profits Paid
1970	Loto-Quebec	Quebec
1974	Western Canada Lottery Foundation	Manitoba, Saskatchewan, Alberta, British Columbia, Yukon, Northwest Territories
1975	Ontario Lottery Corporation	Ontario
1976	Loto Canada	Ottawa (Federal)
1976	Atlantic Lottery Corporation	Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland
1976	Interprovincial Lottery Corp.	Shared by Provincial and Territorial Governments

The first government lottery in Canada was Mayor Drapeau's City of Montreal Lottery in the province of Quebec established in 1968 in an attempt to clear up debts incurred in relation to Expo 67. The Montreal lottery was declared illegal by the courts

but as soon as such lotteries became legal the province of Quebec was the first to jump into the lottery arena. Loto-Quebec was established in 1970 and from the beginning conducted three lottery games with ticket prices ranging from \$.50 to \$4, draws from once a week to once every three months and top prizes from \$5,000 to \$200,000 (Sullivan, 1972).

The province of Manitoba established a one-time only lottery in 1970 to finance its provincial centennial celebrations. This lottery relied on volunteers from sports and service clubs for the distribution and sale of their tickets. In return the volunteers received a 45% commission on the tickets they sold for their respective causes. Many sellers of Irish Sweepstakes tickets throughout Canada volunteered to add the sale of the Manitoba Centennial lottery to their line with the result that 75% of sales were outside of the province of Manitoba (Simons, 1977). Not unexpectedly, at the end of the centennial year, in 1971, Manitoba continued a lottery system under the newly established Manitoba Lotteries Commission.

In 1972 sales of the Manitoba Lottery were in excess of \$8 million annually with sales to Manitoba residents accounting for approximately \$2 million (Simons, 1977). The other western provinces (i.e., British Columbia, Alberta and Saskatchewan), where the Manitoba Lottery was widely sold, became concerned about this outflow of revenue from their respective provinces. The British Columbia Lotteries Branch of the Provincial Secretaries Office established a lottery to counteract this outflow of revenue. Alberta licensed the exhibitions in Calgary

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MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS
STANDARD REFERENCE MATERIAL 1010a
(ANSI and ISO TEST CHART No. 2)

and Edmonton to conduct periodic lotteries and in Saskatchewan the Saskatchewan Sports Federation was licensed to conduct a provincial lottery. These four or five lotteries were competing with each other and there were rumours of a national Olympic Lottery. To avoid this competition Manitoba, British Columbia, Saskatchewan and Alberta established an interprovincial cooperative lottery where each province concentrated on sales within their own jurisdiction and offered a common ticket (Western Express or Win'aday) in a common prize pool. Revenue gained in each jurisdiction was disbursed under priorities established by each province. This organization was called the Western Canada Lottery Foundation (W.C.L.F.). In all the western provinces distribution of lottery tickets was achieved mainly through charitable groups which would use their share of the funds for their respective causes. Shortly thereafter the Yukon and the Northwest Territories joined W.C.L.F. as associate members (W.C.L.F. Annual Report, 1980: 6). This arrangement solved the problem of excessive competition between the western provinces and the territorial governments over lotteries.

The first national lottery was introduced in 1974 to support the 1976 Olympics. After its expiry in 1976, the federal government established Loto Canada to operate a national lottery primarily to assist in financing, until the end of 1978, the deficits of the 1976 Olympics at Montreal and the 1978 Commonwealth Games in Edmonton. After 1979, revenues from Loto Canada were to be used to support national ventures in physical fitness, amateur sport and recreation. Federal lotteries, at

this time, had an expensive ticket price and relatively infrequent draws as compared to existing provincial games.

The Ontario government got into the lottery business in a fairly modest way in 1973. Ontario Lottery Corporation (O.L.C.) offered \$100,000 for \$1 in bi-weekly draws of their Wintario game. Wintario was similar in structure to the already existing Western Express in western Canada. In 1976 the four Atlantic provinces decided to follow the example of the western provinces and by interprovincial agreement formed the Atlantic Lottery Corporation (A.L.C.). The original A-1 Lottery offered by A.L.C. was similar to Western Express and Wintario. As in the case of the western provinces, the Atlantic provinces each distributed A-1 tickets in their jurisdiction and decided upon the way in which their profits from the lottery sales would be distributed.

In 1976 the Interprovincial Lottery Corporation (I.P.L.C.) was established "by regional lottery authorities to administer national lotteries on their behalf" (O.L.C., Fact Sheet, Dec. 1982: c11). This seemed an obvious way of presenting a united provincial front vis-a-vis the federal government in the lottery field. The existing regional lottery authorities (i.e., Loto-Quebec, W.C.L.F., O.L.C., and A.L.C.) served as regional marketing organizations for I.P.L.C. games. Each was responsible for the marketing and sales of the games in their region and their share of the profits was returned to their respective level of the state for distribution. I.P.L.C. began with the 'Provincial', a \$5, bi-monthly, \$1 million prize game

in 1976. 'Super Loto', a \$10, \$1 million dollar prize game was added in 1980, when the federal government with its \$10 game was forced out of the lottery field. In 1982, Lotto 6/49, a computerized numbers game was introduced by I.P.L.C. The latter game tended to overshadow other Canadian lotteries particularly when its jackpot prize was very large. Figure 1 shows the relationship between I.P.L.C. and the regional corporations as they existed in 1982. Each regional corporation promoted I.P.L.C. games to their own advantage while at the same time promoting their own games which were sold only within their particular region. This structure meant that these regional corporations had a monopoly in the lottery business in all regions of Canada, with the exception of federal government lotteries and non-profit organization lotteries. The lottery operations of non-profit organizations were restricted and sometimes eliminated by the provincial states. Johnson predicted in an article in Canadian Public Administration in 1979, the tendency for lottery profits to be increased by eliminating competition between the federal and the provincial governments. He further predicted that this conflict would be resolved either by a joint operation or in favour of the provinces (Vol. 22, No. 1: 101-115). The latter proved to be the case.

Figure 1

The Structure of Provincial Government Lotteries in Canada

INTERPROVINCIAL LOTTERY CORPORATION (I.P.L.C.)

(Established 1976)

Provincial Super Loto Lotto 6/49

ONTARIO LOTTERY CORPORATION (O.L.C.)

(1974)
Wintario
Lottario
Provincial
Super Loto
Lotto 6/49

LOTO QUEBEC (LQ) (1970)

Mini-Loto
Inter-Loto
6/36
La Quotidienne
Loto Select
Instant
Provincial
Super Loto
Lotto 6/49

WESTERN CANADIAN LOTTERY FOUNDATION (WCLF)

(1974)
Western Express
Provincial
Super Loto
Lotto 6/49

ATLANTIC LOTTO (A.L.C. (1976))

A-Plus
Loto 50
Provincial
Super Loto
Lotto 6/49

The Conflict Between the Federal and Provincial Governments over Lotteries

The importance placed on lotteries by governments seemed apparent in the continuing struggle between the provincial and federal levels of the state over who should operate state lotteries. Why the state should place such a high value on lotteries is an important question which cannot be addressed until the final chapter of this thesis, after the relevant evidence has been presented. At this point, only the stages of the conflict will be documented. The national lottery corporation, Loto Canada, established in 1976, offered a lottery which was similar in structure to its forerunner, the Olympic Lottery. The ticket price was \$10 and the top prize was \$1 million drawn bi-monthly. It was sold in all regions of Canada with 12.5% of the profits going to the provinces in proportion to the number of tickets sold by Loto Canada in each province (Canadian Tax Foundation, 1981). During the life of the Olympic Lottery it was the only lottery with a prize as large as \$1 million. The top prize offered by the regional corporations was typically \$100,000 at a ticket price of \$1. Thus the two types of lotteries tapped slightly different markets. Nevertheless, by the second draw of Loto Canada the federal lottery barely made the breakeven point, largely due to the entrance into the field of provincial competitors (Johnson, 1979).

In 1976 the I.P.L.C. introduced its first game the 'Provincial' which offered the chance for \$1 million for the price of a \$5 ticket. Loto Canada research (Price and Politics,

1978) clearly pointed out that the most significant reason why people did not participate in their lottery was the high cost of a ticket. Many non-buyers simply stated that they could not afford a \$10 ticket. In 1978, in order to compete with the provincial lotteries, Loto Canada planned a new computerized game, Loto-Select. Loto-Select would allow buyers to choose their own numbers, for weekly draws, with a ticket price of only \$1. Loto-Select would have been the first state numbers game in Canada. Contracts had already been let out to computer groups when, in October 1978, the provinces, recognized that this new federal game was a real threat to the success of their lotteries. They began to demand that the federal government withdraw from the field. In the face of this protest, the federal government agreed to cancel Loto-Select and restrict itself to lotteries costing \$10 a ticket or more.

Loto Canada decided, on the basis of their research into a \$50 and \$100 ticket "limited edition lottery", that higher priced lotteries were not feasible (Ultra, Nov., 1977), so this restriction severely limited Loto Canada's ability to operate a profitable lottery. In Sept. 1979, Loto Canada was dismantled leaving the lottery field to the provinces. In return, the provinces agreed to share their lottery revenues with the federal government as a lump sum payment of \$24 million in 1979 dollars, to be paid in quarterly installments through I.P.L.C. I.P.L.C. introduced Super Loto in Jan. 1980, offering \$1 million prizes and a \$10 ticket to take the place of Loto Canada. When the federal government finally conceded to the provinces the

right to operate lotteries in 1979 they apparently did not entirely abandon legalized gambling as a potential source of revenue.

The most recent round of conflicts between the provincial and the federal governments, over who should operate legalized gambling, centred around sports pools. Sports pools are based on the results of games of organized sports. They are pari-mutuel systems, which means that winners divide losers' stakes in a jackpot prize which grows based on the number of tickets sold and whether or not there are winners in a given draw. Bettors are asked to predict the outcome of a series of games. It is a form of legalized gambling which has proved to be very lucrative as a source of state revenue in some societies, e.g., Sweden and Great Britain. The extent to which sports pools are games of chance or games in which skill is exercised has always been a controversial matter wherever they are established. Most research suggests that they are largely games of chance (Cornish, 1978; Tec, 1964). The bases of this dispute are discussed later in this chapter but it must be observed at this point that much of the controversy between levels of government over the sports pool, which was introduced in May 1984, was couched in terms of a technical distinction between lotteries and sports pools rather than in terms of the real issue. The real issue was which level of government should have the right to operate legalized gambling.

The sports pool controversy was set in motion when the federal Minister of Fitness and Amateur Sports, announced in

1981, a sports pool based on the results of baseball, football and hockey games (Ottawa Citizen, Sept. 17, 1981) with the profits devoted to amateur sports, arts, culture and medical research. The pool would have put the federal government back into more lucrative cheaper games. The federal government argued that the sports pool would not be a violation of their 1979 agreement with the provinces. Unlike lotteries which were based on the luck of the draw, they argued, the sports pool would be based on the results of weekly games. A spokesperson for the new Canadian Sports Pool Corporation was quoted as saying that a pool differed from a lottery because in a pool there was "skill" involved in making selections (Ottawa Citizen, Jan. 30, 1984). The provinces did not acknowledge the distinction drawn by the federal government, taking the view that the pool was a lottery and was therefore in violation of their 1979 agreement.

Based on the argument that the sports pool was another form of lottery and that the right to operate lotteries lay with the provinces, Loto-Quebec introduced a "hockey lottery" in the fall of 1982. Hockey Select players paid \$1 to bet on the outcome of 13 National Hockey League games. The federal government argued that Hockey Select was not a lottery but a pari-mutuel game of skill in which bettors split the betting pot and was therefore a form of gaming or bookmaking forbidden in the Criminal Code (Ottawa Citizen, Dec. 21, 1982). The federal government introduced in the House of Commons, a bill to amend the Criminal Code to permit the establishment of their sports pool.

Consistent with this approach, the federal government tried unsuccessfully on two occasions to stop Quebec's hockey pool in Quebec Superior Court. Meanwhile the provinces were actively trying to fend off the federal sports pool.

Initially, the provinces attempted to negotiate a new deal with the federal government with respect to lotteries. The organizers of the 1988 Winter Olympics in Calgary, Alberta ran out of money and were pressing the federal government for the \$200 million which they had promised for that event. It became clear that these Olympics would be the main recipients of federal sports pool profits. The provinces offered to pick up a substantial portion of the federal government's \$200 million commitment to these Olympics in return for a federal promise to stay out of the lottery business (Ottawa Citizen, Dec. 17, 1982). This provincial plan would mean that the federal government would discontinue their plan for a sports pool. The federal government did not agree and went ahead with its pool.

The federal government introduced the Athletic Contests and Events Pool Act to amend the Criminal Code to provide for federal government operated pool systems on combinations of athletic contests and events. The bill passed Third Reading in the House of Commons on June 29, 1983 (House of Commons Debates, Vol. 126: 26910). Opposition to this bill in the House came, as it often had in relation to some earlier bills related to some form of state-operated gambling, from N.D.P. representatives and was based on familiar reasons. N.D.P. Member Ian Deans described his party's position as opposed to lotteries of this

type and to the further institutionalization of gambling. He presented his own view in the following way:

There are sufficient opportunities for people to engage in games of chance all across the country without adding to the number. I am as convinced of that as was the Hon. Member for Winnipeg North Centre (Mr. Knowles) some years ago when he spoke similarly on the introduction of lotteries and gambling---the introduction of gambling turns out to be a tax on the poor and to be more attractive to those people of very poor limited means than it is to those of considerable wealth. The chance of victory, of winning fabulous wealth, is remote. "Remote" hardly describes it: "virtually non-existent" might better describe the situation. The chance of victory is a lure which people of little income find almost irresistible. I believe the government does the country a disservice by introducing at this point in time the particular proposal for a sports pool (House of Commons Debates, 1983, Vol. 126: 26912).

There was also opposition to the bill by Conservative Members who tended to support the provincial view that this was simply a ploy by the federal government to re-enter the lottery field and a violation of their 1979 agreement with the provinces.

A Conservative representative in the House argued "I know of no other country in the world which distinguishes in the gaming business between a lottery and a sports pool" (House of Commons Debates, 1983, Vol. 126: 26911). Conservative members also shared the N.D.P. concern that the bill would create even greater opportunities to gamble. The Conservatives took the view that the bill would allow the federal government to "to get back into any other lawful game". With this in mind, they proposed an amendment which would assure that the federal government could not move into other games. Particular concern was expressed concerning the perceived widespread existence of electronic games:

We are already plagued with these (electronic games) in our communities. Our kids are hanging out at the electronic pinball palaces, where they run into people who push drugs and commit petty break and entry in order to pay for their habit. We read about that in society to-day (House of Commons Debates, 1983, Vol. 126: 26914).

In this Member's view, given that the government had rejected their proposed amendment, there was nothing to prevent the government from going into all kinds of electronic gaming and distributing them in the community. Subsequent events showed his predictions to be correct. The Athletic Contests and Events Pools Act was passed in June 1983 and by April 1984 it was announced that Loto-Quebec was planning to open video arcades to compete with the illegal ones already existing across the province. Once the Bill was passed it meant that public gaming was not illegal where it was regulated by governments. It was reported that each arcade would feature between 150 and 200 video game versions of black jack, poker and slot machines with jackpots of up to \$250 (Ottawa Citizen, April 3, 1984). On the basis of these events one could speculate that electronic games in "mini-casinos" may be the next step in state-operated gambling. The Athletic Contests and Events Pool Act did, at least in the view of the federal government, give them the right to operate a sports pool. The provinces, however, still regarded sports pools as a type of lottery.

In March 1984, the provinces, with the exception of Alberta, which would benefit most from the proceeds of the federal sports pool, brought a suit against the federal government in the federal court (Ottawa Citizen, March 30). The federal

government went ahead with its plans for the sports pool in spite of the suit. Tickets for the baseball version of Sport Select went on sale in May 1984. The weekly pool was a pari-mutuel system, with a ticket price of \$2 and a guaranteed minimum jackpot of \$250,000. A jackpot pool winner would have to have a ticket which showed the correct results for a series of 13 games. The scheme also included an array of lesser pools and bonus prizes. The baseball commissioner was opposed to the pool and argued that he feared the negative consequences on the game of linking it with any form of legalized gambling (Ottawa Citizen, March 28, 1984). National Hockey League officials raised similar objections to Québec's Hockey Select (Ottawa Citizen, Dec. 21, 1982). The provinces and the baseball commissioner unsuccessfully sought a court injunction to stop the operation of the federal sports pool while the question of whether it was a violation of their 1979 agreement was before the courts (Ottawa Citizen, May 2, 1984). It was not the courts however but the general course of developments which followed, that brought the demise of the federal sports pool.

Some observers felt that the federal sports pool was not successful because it was poorly designed and failed to attract interest. Québec's Hockey Select, it was argued, came to a natural death due to a poorly designed system in which, after the Québec government took its 50% cut, there was not enough to give prizes, even of \$1, to pool winners (Ottawa Citizen, Jan. 27, 1983). Early reports from ticket outlets and participants of the federal pool, on the contrary, seemed to indicate great

enthusiasm for the game (Ottawa Citizen, May 3, 1984). A major factor contributing to the death of the federal pool seems to have been the effectiveness with which the provinces blocked federal attempts to distribute their pool tickets. The provinces forbid their outlets to sell the federal pool tickets and these included the very high-volume distributors in high-traffic areas, e.g., shopping centres. In some cases retailers resisted and their computer terminals were disconnected by the provinces, with the result that these retailers could no longer sell the high-volume provincial computerized games such as 6/49, Lottario, etc. and were virtually forced out of the lottery ticket business (Ottawa Citizen, May 9, 1984). This action by the provinces appeared to be designed to either stop the federal sports pool or make the federal government pay a very high price for the use of the vast network of computerized ticket outlets across Canada. Before the summer of 1984, the federal government reluctantly agreed with the provinces to leave the sports pool business. It seems the provinces won this particular round in the struggle, not in the courts, but in the lottery market where they had a monopoly over the ticket distribution system. The sports pool episode was one more battle in a longstanding war between the federal and provincial levels of the state over who should control state-operated gambling. At least for the present, the provinces are victorious. The original operators of legalized gambling in Canada, non-profit organizations, also posed a problem for provincial governments seeking to monopolize lotteries.

Lotteries and Non-Profit Organizations

Prior to the Criminal Law Amendment Act, many local non-profit organizations operated small lotteries under the Gaming and Betting section of the Criminal Code. This section exempted religious and charitable organizations from the general prohibition against lotteries when they conducted them on an occasional basis for their own purposes. The amendment to the Criminal Code, which came into effect in 1970, permitted the federal and provincial governments to operate lotteries themselves and to license the lotteries of non-profit organizations. The number of non-profit organizations applying for a lottery licence gradually increased and after 1970 applications for lottery licenses mushroomed.

In Ontario, the province used here as an exemplar, the responsibility for licensing lotteries after 1970 was shared by the provincial government and the municipalities. The decision by the province to delegate authority to the municipalities to license lotteries was apparently for pragmatic reasons. Many municipalities had years of experience in granting lottery permits to charitable and religious organizations and service clubs. Municipalities would continue to administer lotteries within their own jurisdictions. The costs of licensing and supervising local lotteries were included in the licensing fee. The provincial licensing fee was 2% of the prizes (Johnson, 1973). This system of licensing lotteries saved the provinces the considerable administrative expenses which they would have incurred had they chosen to license directly. Delegation

of responsibility to the municipalities must not be confused in this case with a diffusion of power in any real sense. The province through licensing limitations and guidelines still effectively controlled non-government lotteries in Ontario.

Charitable and religious groups could obtain a municipal licence if the total value awarded in prizes for a single occasion bingo did not exceed \$3,500 or if for a single lottery the value in prizes did not exceed \$5,000. Where the total value of prizes awarded exceeded these limits, a provincial licence was necessary. Lotteries conducted by agricultural societies and bingos held in public places also required provincial licences. Lotteries licensed by municipalities were limited to sale within their own jurisdiction. Where the licences wished to extend their operations to other municipalities authorization from each of the municipalities involved was required. Johnson points out, in his study of Ontario (1979, Ch. 3: 3), that major provincial control was maintained through the "30 day report". The provincial lottery licensee was required to file a report to the Lotteries Branch of the provincial government within 30 days. The gross take, prize monies awarded, detailed administrative costs and the net proceeds earmarked for charity had to be included in that report. Additional guidelines were applied where the total prize structure was in excess of \$10,000.

Originally, organizations such as churches, service clubs, and minor sports leagues, holding provincial licences, depended largely on their own members for the distribution of tickets in

their local area. As these lotteries grew larger it became necessary to employ non-members on the basis of a commission to distribute tickets. Gradually, some of the more successful lotteries made application to operate on a province-wide basis. In the face of these applications in 1971, the province came up with new guidelines in an attempt to control large non-profit organization lotteries. A large lottery was one with prizes greater than \$10,000. A maximum of five such lotteries could be licensed to operate in the province at any one time. The total value of the prizes in any one lottery was limited to \$100,000 and a lottery by one organization could not run continuously if there were other applicants (Johnson, 1979, Ch. 2: 4). In spite of all these limitations and guidelines there was a dramatic growth in non-profit organization lotteries operating under municipal and provincial licences. The average size of lotteries increased and the value of the prizes increased. In 1975 the Ontario government established O.L.C. introducing Wintario, the first Ontario provincial government lottery into this environment of expanding non-profit organization lotteries. In 1978 they started their own provincial computerized numbers game, Lotterio. At the time they were selling I.P.L.C. games, the Provincial beginning in 1976, and Super Loto in 1980. By the early 1980's at least two large non-profit organization lotteries were competing quite successfully with these government lotteries, Cash for Life Lottery and the Pot of Gold Lottery.

Cash for Life Lottery was run by four Ontario charities, the

Ontario Association for the Mentally Retarded, the Easter Seal Society, and the Ontario Chapter of the Multiple Sclerosis Society. This lottery reported sales of \$16.1 million in its first eight months of operation (Belleville Intelligencer, June 29, 1981). The Pot of Gold Lottery was run by the Roman Catholic Diocese of Sault Ste. Marie to support six Roman Catholic schools in Northern Ontario not eligible for funding beyond Grade 10. While licensed to operate only within the diocese of Sault Ste. Marie it operated in practice on a province-wide basis. The Pot of Gold was said to pay out monthly prizes of about \$155,000 (Belleville Intelligencer, June 29, 1981) and realized monthly profits of about \$150,000. At this time the Minister responsible for lotteries in Ontario was saying that the province was approaching the saturation point for lotteries. O.L.C., Cash for Life and Pot of Gold were all competitively marketing their games in the media. The Consumers Association of Canada repeatedly suggested that the government was exploiting the gullible through their "misleading, aggressive advertising" (Montreal Gazette, June 9, 1979; Ottawa Citizen, April 29, 1980). At the same time the Minister responsible for lotteries was criticising Cash for Life television commercials as highly questionable because they claimed to offer the best chance to win cash of any major lottery (Ottawa Citizen, Oct. 16, 1981). Simultaneously, the Minister was telling the media that he was leaning towards a plan that would put privately run lotteries such as Cash for Life and Pot of Gold out of business. He stated that Cabinet

was considering a plan in which privately-run charitable lotteries would not be permitted after their current licence expired and instead 10% of the profits from government lotteries would be turned over to a foundation which would distribute the proceeds among all deserving charities (Ottawa Citizen, Oct. 16, 1982). This government proposal met with mixed feelings on the part of non-profit organizations.

In a poll of United Way Organizations by the Ontario government, as to whether they would support a government proposal to make provincial lottery money available to health and social services, the responses were mixed. Some United Way executives thought it would be a good idea if the money they received from government lotteries could be used for administration so that they could tell their contributors that their personal donations were going directly to charity (Ottawa Citizen, Jan. 12, 1982). Some saw the move as inevitable given the proliferation of lotteries competing for limited lottery dollars and the very high costs to private organizations of administering lotteries (Ottawa Citizen, Jan. 12, 1982; Ottawa Citizen, Sept. 8, 1982). The competition between lotteries was intensified when the government introduced its computerized numbers games, Lottario (1978) and Lotto 6/49 (1982). These games, offering jackpot prizes in the millions of dollars, proved to be the most profitable lotteries yet conceived. Other United Way organization officials opposed the government's proposal on the grounds that many people would think they had contributed to charity because they bought a lottery ticket.

Johnson found in his study of Wintario profits that the existence of government lotteries tended to reduce charitable contributions and that the Wintario grant program was likely to cause an increase in contributions to Wintario-aided programs in culture and recreation (1979, Ch. 7: 5-6). Secondly, United Way officials opposing the government scheme, argued that some groups, such as the Council of Churches, who were large donors to their organizations and, opposed to lotteries on moral grounds, would probably withdraw their support if these organizations accepted lottery funds (Ottawa Citizen, Jan. 12, 1982). The Salvation Army, also a United Way recipient, had from the beginning been opposed to government lotteries. Some critics of the government's plan for a charitable foundation put the matter more bluntly calling it an attempt by the O.L.C. to establish a monopoly in lotteries by outlawing its chief competitors, Cash for Life and Pot of Gold.

An article in the Globe and Mail (Aug. 11, 1981) viewed the government's plan as an attempt to monopolize the lottery field. It argued that the original plan was for the government to regulate lotteries, not to run them. Once involved in lotteries the Ontario government spent much of:

its Wintario windfall on less than charitable endeavours such as the "needy" Ashbridge's Bay Yacht Club. Instead of giving lottery profits to hospitals, Ontario prefers to eliminate the beds on which the profits could be spent.

This comment implied that, as we shall demonstrate in Chapter 6, Wintario revenues were often used for cultural and recreational activities of a definite upper and upper-middle

class nature. The latter part of this comment doubtlessly referred to the fact that in 1976 the I.P.L.C. introduced the Provincial, the proceeds of which, in the Province of Ontario, were earmarked for health and environmentally-related health research. In that same year, the Ontario Ministry of Health, under pressure from Health and Welfare Canada to reduce expenditures on health care, announced its intention to close a number of Ontario hospitals. On the one hand the Ontario government was suggesting that by buying a Provincial ticket the purchaser was contributing to better health care, while on the other hand they were actually making cut-backs in health care expenditures. The fallacy in the notion that in the purchase of a lottery ticket the buyer was supporting causes which would not otherwise receive funding was as clear here as it will be in the discussion of the distribution of lottery profits (Ch. 6). The government of Ontario in a cost-sharing arrangement with the federal government had already taken the responsibility for providing a certain level of health care for its citizens and now these same citizens were being asked to help finance a reduced level of health care through a lottery tax. The Globe and Mail concluded its comments on the proposal for a charitable foundation financed by government lottery funds by saying:

unsatisfied with capitalizing on the gambling fever it promotes, Ontario now wants to insure that the provinces poor, who are most vulnerable to the idea of buying cheap hope, have no alternative lotteries on which to spend their money (Aug. 11, 1981).

Once again the perception that the burden of the lottery tax falls heaviest on the poor was expressed in the mass media. It

was, they seemed to argue, typically those who could least afford it who paid the most.

Some opposition to the government's plan to monopolize the lottery field came from within the state itself. An all-party procedural affairs committee of the Ontario legislature recommended in 1980 that the government should get out of the lottery business arguing that the type of aggressive advertising used by O.L.C. might "instill socially detrimental values" in the lottery corporations players (Ottawa Citizen, Dec. 3, 1980). The minister in charge of lotteries dismissed such arguments as "hogwash" (Ottawa Citizen, Dec. 3, 1980) and apparently his view prevailed because on Sept. 17, 1982, at a news conference, well known representative of the capitalist class in Canada, John Craig Eaton announced the establishment of the Trillium Foundation and his chairmanship of this new organization (Globe and Mail, Sept. 20, 1982). The Globe and Mail pointed out the political advantages of establishing such a foundation to the incumbent political party. The newspaper described the Trillium Foundation as:

an independent board of carefully selected individuals, many of whom have obvious Conservative connections. The board will grant money to charities (Sept. 20, 1982) (my emphasis).

This new organization would eliminate competition from charitable organizations for Ontario government lotteries and given the political composition of the Trillium Foundation board lottery monies to charities, could be allocated in a way consistent with the priorities of the government of the day.

In the Interim Guidelines and Criteria for Granting of Trillium Foundation Funds the following principles of the foundation were laid out:

The goal of the Trillium Foundation is to help fund those voluntary social service organizations assisting the men, women and children in Ontario whose lives have been affected by adverse social circumstances or disabling conditions (The Trillium Foundation, Feb., 1983).

These goals of the Trillium Foundation were to be financed by 10% of O.L.C. profits, yearly. The government imposed a lid of \$15 million on that 10% for five years. The first criticism of this plan for assisting charitable organizations was why such a small percentage of lottery profits for these good causes and why limit it to \$15 million. It would appear that the government wished to keep the lion's share of lottery profits for their own purposes. The guidelines insured that the government would not have to share the large windfalls which came to them through Lotto 6/49, when the jackpot rose to \$14 million in Jan. 1984 and again when it went to \$10 million in Jan. 1985. Net profits for Lotto 6/49 alone were \$68 million in the year ending March 31, 1984. The total net profits of the corporation were \$216,739 million (O.L.C. Annual Report, 1983-84). Ten percent of government lottery profits in that year would have been over \$21 million but non-profit organizations received only \$15 million. The Ontario Treasurer told the press in Feb. 1984, that despite the increased costs that year the provincial deficit would remain at the level previously set due to a huge surge in revenue from the Lotto 6/49 draws in January of that year (Ottawa Citizen, Feb. 1,

1984). The success of the Ontario government in monopolizing lotteries in the province paid off in a significant increase in general revenue.

The money awarded by the Trillium Foundation, like Ontario grants, require matching funds on the part of charitable organizations applying for grants. No one gets free money. In order to receive a grant an organization must meet a fairly extensive set of eligibility criteria set by the foundation. The guidelines further specify purposes for which grants are not available. These include many which were funded by private lotteries in the past: Grants, for example, are not permitted to service or fraternal clubs or for formal education, religious or political purposes (Trillium Foundation, Feb. 1983). While Cash for Life Lottery came to an end when its licence expired at the end of 1982, the Pot of Gold Lottery was permitted to continue operations. Pot of Gold Lottery would not be eligible for a Trillium Foundation grant, because of its religious and educational nature. The government may have decided that it would have been an unpopular political move to eliminate the lottery, particularly among recipients of Pot of Gold profits in Northern Ontario. Apart from this exception the government monopolized the lottery field in Ontario.

The maximum amount which non-profit organizations can receive from the Trillium Foundation in a year, \$15 million, is a small price for the Ontario government to pay for the competition free conditions under which their own lotteries operate. Other provinces deal with non-profit organizations in

different ways. In Manitoba, Alberta and British Columbia after 1971, casinos are licensed to raise money for community organizations. Loto Quebec permits non-profit organizations to operate sales kiosks (outlets) from which the organization receives the ticket retailer's commission. Loto Quebec also runs a Lotomatique system through which non-profit organizations sell subscription tickets for Loto-Quebec games in return for a commission. Loto-Quebec's 1980-81 Annual Report states:

- This double program constitutes a contribution and a major support from the Societe [1] to its active members (non-profit organizations) to the benefit of the population of Quebec as a whole.

While provincial governments deal with the issue of non-profit organizations and lotteries in different ways they have typically given additional justification to their own lotteries by publicizing the fact that part of their lottery revenue goes to community and charitable organizations. An added advantage to lottery corporations may be that, where non-profit organizations serve as retailers of state lottery tickets, potential buyers are more inclined to purchase a ticket because they feel they are giving to charity thereby increasing sales. While strictly speaking this is true, lottery ticket purchasers may have given less to charity than they realize. The fact that these organizations receive only a very small portion of lottery revenues is not so well publicized. This fact was already

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1. This refers to the Societe Des Lotteries Et Courses Du Quebec, the umbrella organization which operates state gambling in Quebec. Loto-Quebec is the part of this organization which operates lotteries in the province.

observed for Ontario in relation to the Trillium Foundation. In Quebec in 1981 non-profit organizations received \$224 thousand, about 1 1/2% of the corporation's total net income of \$141 million for the same period (Loto-Quebec Annual Report, 1980-81). We will argue that the extent of government lottery revenues, of which charitable organizations receive only a small proportion, is related to the way in which state lotteries are structured.

Lotteries as Crown Corporations

In Canada, state lotteries are set up as Crown corporations. A Crown corporation is "an organization with the structure of a private independent enterprise, but which is established by specific acts or pursuant to enabling legislation of a federal or provincial legislature and which usually reports to the legislature through a designated Minister" (McMenamy, 1980: 72). The Crown corporation has been regarded by experts in public administration as a valuable alternative to the traditional government department as an instrument for the achievement of government policy objectives. One observer wrote:

A Crown corporation can manage a given function with a higher degree of autonomy from the political process than the departmental form allows. It can also remove the management of a function from bureaucratic controls and allow for the use of personnel and budgetary practices generally associated with the private sector. Furthermore, the Crown corporation set-up permits businessmen to be appointed to the boards of directors, thereby bringing their business expertise to the management of commercial or quasi-commercial activities on behalf of the government (Gracey, 1977: 59).

Another student of Crown corporations argued that:

any task given to a Crown corporation can best be performed at some degree of arm's length ---- in terms of detailed control, regulation and accountability ---- from the government and Parliament (Langford, 1979: 243).

Given the often controversial nature of state-operated gambling the Crown corporation structure of state lotteries is particularly appropriate.

The potentially detrimental effects of gambling on both individual and society constitute a long-standing controversy. It is agreed in the gambling literature that some forms of gambling are particularly exploitive of the working class and relatively disadvantaged groups in society. The monies reaped in this exploitation have frequently gone to criminal organizations which infiltrate legal gambling operations. By 1970, the argument that gambling, lotteries in particular, was inevitable because illegal forms persisted and that therefore the state should control them at least through licensing was prevalent. This argument prevailed as the decisive view in the House of Commons Debates concerning lotteries. State control, it was argued, would ensure that the games were honest and that the profits went to "good causes". As soon as the Criminal Law Amendment Act was passed, however, governments very quickly moved directly into the lottery field. The lottery in its typical form is a prize contest based on chance in which the participant buys a ticket or something to take part in a draw. Prior to 1970, lotteries in Canada were prohibited by law from offering large prizes. Lotteries of this traditional type are not very entertaining when compared to other forms of gambling.

Robert Kinsey, arguing in favour of state lotteries in the United States in the twentieth century, concluded that most of the factors which contribute to an "overindulgence" in gambling were not present in the lottery (1959: 54-55). Similarly, a Task Force on Legalized Gambling in New York in 1975 reported that certain types of games (e.g., lotteries) tended to have a more limited appeal than other types (e.g., casinos and racetrack betting). Lotteries were found to be very low in entertainment value. In terms of raising state revenues through lotteries this aspect was viewed as problematical. Constant promotion in the form of new games, new variations on existing games, establishing new outlets for new customers and innovative and persistent advertising in the public media was required to maintain sales. This trend will be obvious in the fluctuating history of Wintario sales, the longest running and most successful of Canada's traditional lotteries (O.L.C. Annual Reports, 1975-76 to 1982-83). Given the autonomy which the Crown corporation structure permits, lottery corporations, O.L.C. in the case of Wintario, can concentrate, as any business organization, on making a profit and they can disassociate themselves from the responsibility of distributing the profits which is the prerogative of governments [2]. O.L.C., for example, was able to state in its first Annual Report, 1975-76, that:

The major objective of the corporation is to conduct an effective and efficient lottery, the proceeds of which would be employed for the benefit of the people of Ontario. Profits are paid into the Consolidated Revenue Fund.

2. If one inquires, lottery corporations are quick to point out that they are not responsible for the distribution of lottery profits. They do, however, publicize what they describe as the "good causes" funded through lotteries in their advertising as part of their appeal to potential lottery ticket buyers.

As we shall see, O.L.C. views their mandate as the former, and they have no control over the latter.

An analysis of the goals of Canadian lottery managers concludes that maximization of revenue is likely to be a more important goal than goals such as minimizing the regressivity of a lottery tax (Johnson, 1979b: 101). Given the goals of the corporation and the background of lottery managers this is not a surprising conclusion. The present President of O.L.C. is exemplary of the type of educational and work experience which lottery managers have. Mr. D. Morris graduated from Royal Military College with a B.A. in Commerce and Economics. He became a member of the Ontario Institute of Chartered Accountants in 1957 and held a number of senior financial appointments in the manufacturing, construction and development fields. He was Vice-President of Finance of Consolidated Building Corporation Limited for eight years. He was appointed General Manager of O.L.C. in July 1980, became President of O.L.C. in June 1981 and also a member of the board of directors of I.P.L.C. (O.L.C. Fact Sheet, Dec. 1982). A majority of the other directors of I.P.L.C. boast of similar successes in private business. Given the structural constraints imposed on them by the Crown corporation and their previous experience, it seems only logical for such managers to be primarily concerned with maximizing lottery profits. The success and survival of the corporation depends on the management's ability to generate profits which are turned over to the government as revenue. An unfortunate consequence of this pursuit of lottery profits, I

will argue, is the regressivity of the lottery tax and the exploitive nature of lotteries in general. Political ministers responsible for lotteries have had to deal with the criticisms arising out of this and other negative aspects of lotteries.

Crown corporations are ultimately responsible through a minister to Parliament for the conduct of their affairs (Langford, 1979: 243). While the ministers designated as responsible for the corporations do not overtly direct their activities, they must justify and defend the corporation's activities in the legislature. This is not always an easy task. We have already remarked on the criticisms which were faced by the minister responsible for lotteries in Ontario. These criticisms came from the legislature, various groups in the broader society and even from members of the government itself. Mr. Baetz was quite successful at fending off criticisms while O.L.C. continued to introduce new games and to promote their games with even greater intensity.

The Ministers responsible for lottery corporations tend to head government departments which receive lottery profits. At the federal level, the Minister of Fitness and Amateur Sport, Iona Campegnolo, was responsible in the House for Loto Canada during its lifetime and Loto Canada profits were largely used to support national ventures in fitness and amateur sports. Similarly, Gerald Regan, also federal Minister of Fitness and Amateur Sport, was responsible to Parliament for the Canadian Sports Pool Corporation. A large portion of the sports pool profits, had they materialized, were designated for national sports activities the financing of which was the responsibility

of Mr. Regen's department. In Ontario, Reuben Baetz, as Minister of Culture and Recreation, and more recently as Minister of Tourism and Recreation, was responsible for O.L.C. in the Ontario Legislature [3]. The profits from some of O.L.C's most lucrative games, i.e., Wintario and Lottario profits, are used for cultural and recreational activities which, at that time, were the responsibility of Mr. Baetz's ministry. These ministers were of course interested in maintaining and increasing lottery revenues because their departments were in part dependent on them for their financial resources. In justifying the activities of lottery corporations the ministers often pointed to the "good public causes" financed by lottery profits which might not otherwise receive funding. That view has already been challenged in this chapter with respect to health care in Ontario and will be discussed more fully in Chapter 6. It is sufficient to say here that the relationship between lottery revenues and the existence and funding of "good public causes" is not as clear cut as the ministers sometimes suggest.

Not only do lottery profits represent a significant source of revenue for the minister's departmental policies but, they are also an important resource to these incumbent politicians in influencing their electorate in their favour at election time. In Ontario in 1981, prior to an Ontario election, protests of opposition Liberal and N.D.P. members of the legislature were

3. Mr. Baetz was also often the spokesperson for the provinces in their struggles with the federal government over lotteries.

reported in the press. They protested the "timely announcement" of Wintario grants and the disbursement of Wintario cheques on the campaign trail. The making of promises by incumbent Conservatives based on the control of Wintario money was reported in the press (Globe and Mail, March 13, 1981; Ottawa Citizen, March 18, 1981). The N.D.P. Leader, Michael Cassidy said, "It is clear that the Conservatives have been reduced to old pork-barrel politics in an attempt to bribe voters with their own money" (Ottawa Citizen, March 18, 1981). Usually Wintario grants are announced as a package in the same press release but during the 1981 election campaign they were frequently handed out personally by government members in ridings which were Wintario grant recipients. The Premier himself announced a grant for Ukrainian Studies in a Toronto riding with a constituency of mostly ethnic minorities, where the race was tight between the Conservatives and the N.D.P. He also delivered a Wintario cheque to a needy boy's club in another Toronto riding where the election race was close (Ottawa Citizen, March 18, 1981). These reports, coupled with others such as the Conservative connections of members of the Trillium Foundation suggest that lotteries are of considerable significance as a source of political patronage.

The importance of lotteries for governments and their political leaders goes well beyond the value of lottery revenues in solely financial terms. In addition to their patronage value, the purposes, defined as "good causes" for which lottery

revenues were distributed by governments, and the high profile given to such spending in the media, tends to justify state lottery activities. This process also reinforces the liberal-democratic view of the state as the representative of the interests of all social classes and groups in society. At the level of the individual, the hope of winning in the lottery may tend to legitimate the status quo as the provider of opportunity for personal success. The mechanisms through which the hope of winning is generated is revealed in the ever changing structure of lottery games and their promotion in lottery advertising and media reports. Lottery corporations in pursuing their goal of lottery profits disseminated what I will refer to as a 'chance ideology'.

State Lotteries as Chance Ideology

The focus in the remainder of this chapter will be on how a set of ideas, defined here as 'chance ideology' is created and dispersed by lottery corporations. The consequences of distributing this ideology will be discussed in Chapter 5. It will be argued that the complex structure of state lotteries in Canada imposes upon individuals a 'chance ideology'. This chance ideology consists of a set of ideas, values and practices which together produce images of personal success and suggest that the opportunity exists for all members of society to achieve such success in the lottery. The practice is ideological in the sense that the images created tend to mystify the real lack of opportunity for members of socially and

economically disadvantaged classes and groups in society. It can be argued in this vein that chance ideology inhibits the formation of a counter-ideology among subordinate classes and groups. A counter-ideology would offer an alternative or critical interpretation of the lack of opportunity through work, education and merit which dominant ideology would lead us to expect. Accordingly, we argue that lotteries contribute to dominant class hegemony by arranging to some extent the consent of subordinate classes to the status quo. Lottery corporations create and disseminate 'chance ideology' through their complex and pervasive structure and high pressure promotion. As Althusser suggests, ideology is imposed through institutional means (1977: 233), in this case through the practices of lottery corporations, irrespective of the level of consciousness. As Allen points out, however:

Insofar as it works through consciousness (the ideology) it is an ever-present phenomenon because consciousness must always precede action. There can be no action in a situation until men and women are conscious of it in one way or another (1975: 224).

It will be argued that lotteries are perceived by individuals as the hope of winning money, ultimately the "big money prize" but, more realistically, smaller amounts for immediate if fleeting enjoyment. Because people perceive of lotteries in this way they buy lottery tickets. If the ideology works we would expect that those for whom personal success seems otherwise remote would find the hope of winning in the lottery most enticing and would be willing to incur the greatest costs to receive it. These consequences of the ideology will be investigated in

Chapter 3. Here we will explore the objective structure of chance ideology as created by lottery corporations.

The Structure and Promotion of State Lotteries

Observations made by D.B. Cornish (1978) in his extensive review of the gambling literature, while not couched in terms of concepts such as ideology and hegemony, reinforce the previous argument. He emphasizes the importance of "situational factors" and the potential for "exploitation" in gambling. For Cornish, situational factors include individual differences, the conditions in which the individual finds him/herself when the opportunity to gamble arises and the structural features of a form of gambling. He observes that attempts to explain gambling behaviour by identifying specific motives or predispositions have been largely unsuccessful (1978: Ch. 11). He is referring here to attempts to explain gambling behaviour in terms of rational financial decision-making or risk-taking. While accepting that individual differences must be taken into account, i.e., that some individuals will gamble and others will not notwithstanding other factors, Cornish argues that the greater importance of situational factors is better supported by the evidence. Cornish includes first in these situational factors:

The person's social status and social roles, current life-style and more ephemeral moods, experiences and life-crisis (1978: 206).

According to Cornish's argument, certain poorly articulated feelings, arising out of a person's particular situation,

renders them more receptive to the existence of and information about gambling than others. In other words, certain aspects of an individual's social condition make the hope of winning in the lottery more appealing to some people than to others. Cornish suggests, nevertheless, that it is the second set of situational factors which are most significant in determining the social and economic consequences of gambling (1978: 210). These factors include the actual structural characteristics of a form of gambling and the ways in which information concerning that structure is distributed. In the case of lotteries, it is the structural characteristics of lottery games (e.g., prizes, ticket price, special features, draws, odds, availability of tickets, etc.) and the advertising and other forms of promotion of these features which is most compelling on potential players. In other words it is these processes which create and disseminate the ideology of chance thereby creating hopes of personal success, which ultimately prompt people to buy lottery tickets. To the extent that these processes raise unrealistic hopes of winning and promote continuous betting they are exploitive. Cornish finds that this relationship between the structural characteristics and the exploitiveness of a form of gambling holds even where individual differences were taken into account and whether the promoters of gambling are merely making it available or actively promoting it. He also sees the actively promoted forms of gambling as the most exploitive because an active role is played "in introducing a gambling environment which 'trains' those sufficiently exposed towards

higher levels of involvement" (1978: 210). Canadian lottery corporations structure their games and promote them in ways which create this type of exploitive gambling environment. As Cornish suggests:

The issue of exploitation is a delicate one, since an important component of the gambling experience is the creation of illusions ---- of probabilities, hopes, conditions of personal luck ---- which could not possibly have an objective existence (1978: 230).

Canadian lotteries exploit people by creating illusions of personal success. These illusions are created as lottery corporations integrate into the structure of their traditional lotteries more and more of the features, identified by the British Royal Commission on Betting, Lotteries and Gaming (HMSO, 1951), as characteristic of the more exploitive forms of gambling. These features include 'big money' prizes, a particular range of odds, cheap tickets, frequent opportunities to gamble, increasing the entertainment value, etc. In addition, the corporations actively promote their lotteries through advertising.

Probably the most important structural characteristic of present-day state lotteries, in creating the illusion of personal success, is big money prizes. It is the central role played by money which distinguishes gambling from other forms of leisure and it is by offering large sums of money "thereby better serving economic hopes and needs that lotteries and numbers games differ from other forms of gambling" (Cornish, 1978: 230). The findings of a study of gambling in the United States supported this view. They found that the largest

percentage of lottery and numbers game players in their study reported that they played "to make money". The highest percentage of race track, casino, bingo and sports bettors played "to have a good time", with "excitement and challenge" coming second as a reason and "making money" was the third reason given. The incidence of the latter response was far less frequent than the other two (Kallick et al., 1979: 45). The findings of extensive research on Canadian lotteries, sponsored by Loto Canada, also reveals the significance of big money prizes. Loto Canada's Director of Marketing Research summarizes the findings of this research in the following way:

...probably about 40% buy to participate in the existing and hopeful experience of simply having a chance to win "big money" and in having a significantly larger chance to win smaller but still considerable sums of money. For a second large group, a lottery ticket with large money prizes is seen as the only way to achieve their dreams. This is a group of people who have achieved sufficient material advance to permit them to imagine more wealth and keep them within a tantalizing distance of this goal but for whom, as they get older it becomes clearer and clearer that they are not "going to make it" except, through some extraordinary means. The realization comes to different people at different points in their lives - for some it occurs relatively early; but in any case, there is a cumulatively increasing number who fall in this category (Loto Canada, Memo; From: Director of Marketing Research, To: Members of the Executive Committee, Dec. 10, 1976) (emphasis added).

This interpretation of research on Canadian lotteries stresses the hope-generating effects of big money prizes and the fact that, for many who buy lottery tickets, it is the only possible route to the realization of dreams of personal success. The existence of money prizes which have tended to grow larger and larger over the period of their existence is a salient feature of Canadian lotteries.

The regional corporations entered the lottery field with games which offered fairly modest top prizes according to present standards. Loto-Quebec began operations with a \$200,000 prize in 1970 but at a ticket price of \$4. It was more typical to offer top prizes of \$50,000 (Atlantic Loto, 1976) or \$100,000 (Wintario, 1975). Gradually the size and number of top prizes increased. Table 1, Appendix 1, showing the 1982 prize structure of Canadian lottery corporations, indicates a prize structure with large money prizes ranging from \$50,000 to \$3 million or more. It was with the introduction of the new computerized lotteries, 6/36, Lottario, Loto 6/49 (Table 1, Appendix 1) that very large jackpot prizes came into existence. Promotion by the corporations of the fact that these prizes grew week after week, when not won, into prizes of millions of dollars (Figures 1 and 2, Appendix 2) saw the beginnings of what would be referred to as "loto-fever" (Ottawa Citizen, Jan. 4, 1984) or "loto-mania" (Ottawa Citizen, Jan. 12, 1984).

In January 1984, when I.P.L.C.'s Lotto 6/49 jackpot went to \$14 million "loto-fever" or "loto-mania" raged all over Canada. As this jackpot grew, ticket dealers reported double and triple the number of tickets sold. One dealer reported that, even though the price of a ticket was \$1, "Some are spending \$50 and \$60 and I'm seeing new people playing all the time" (Ottawa Citizen, Jan. 4, 1984). Reports observed the most frantic scenes in Quebec where Loto-Quebec's computer system in Montreal collapsed under the strain of increased sales (Globe and Mail, Jan. 11, 1984) and people waited in ticket line-ups for as long

as five hours to buy tickets for a lottery in which the chances of winning the jackpot were approximately 1 in 14 million. Sales were so great that Loto 6/49 ticket vendors became the target of bandits (Ottawa Citizen, Jan. 12, 1984; Ottawa Citizen, Jan. 7, 1985). These episodes of loto-mania lend support to the argument made in this thesis that for the individual, lotteries have their greatest significance as producers of hope, in particular, the hope of winning very large amounts of money.

Attacks of loto-mania, causing dramatic up-swings in lottery ticket sales and increased profits, were apparently regarded as a desirable achievement by lottery corporation marketing people. In spite of the fact that these periods resulted in a corresponding upsurge in lottery revenues for the state, this same period of loto-mania caused some uneasiness for politicians responsible for lotteries. As the 6/49 jackpot grew, the media gave increasing attention to what they referred to as loto-mania turned into public hysteria. Reuben Baetz, the minister responsible for lotteries in Ontario, expressed apprehension concerning the "hype" surrounding the growing prize. He saw the mania as "an undesirable social effect" and he regretted the increased media attention (Ottawa Citizen, Jan. 12, 1984). Mr. Baetz expressed his intention to consult with the other provinces involved in the lottery with respect to changing the structure of the game in the future so that the jackpot would not go beyond approximately \$5 million. Without minimizing Mr. Baetz's social concerns, it seems apparent that his concerns

were, at least in part, a reflection of a fear on his part that loto-mania on such a scale might bring the whole question of government lotteries into question. The media coverage of events surrounding the growing jackpot publicized the compulsive nature of lottery participation (Ottawa Citizen, Jan. 6, 1984; Globe and Mail, Jan. 11, 1984), as well as the fact that the chief benefactor was government as the recipient of greatly increased lottery revenues (Ottawa Citizen, Feb. 1, Dec. 13, 1984). Such publicity would doubtlessly provide ammunition for the state lottery critics who felt that a "democratic state" should not be involved in activities which, in their view, were exploitive of its citizens.

Frederick Stocker, in his discussion of state sponsored gambling in the United States, predicted that lotteries and other forms of publicly operated gambling might eventually call into question traditional views of the role of the state (1972: 441). Stocker saw governments being drawn into such activities because of a fiscal crisis and foresaw that the issue of the proper role of the state could be drawn into public scrutiny as a consequence. Loto 6/49 mania apparently had such consequences produced as a natural outcome of pursuing a policy the goal of which was to operate profitable lotteries. As Cornish (1978) and Kallick et al. (1979) argue, widespread existence and promotion of legalized gambling draws people, particularly those most vulnerable to it, increasingly into such behaviour. Fred Cook, a harsh critic of any form of state gambling, states:

Any society that bases its financial structure on the weaknesses of its people doesn't deserve to survive (1961: 203).

Cook clearly sees gambling as inappropriate state activity and predicts some effects of state sponsored gambling, which are born out in the Canadian case. He argues that once one form of gambling is legalized, based on the notion that people want to gamble and the state might as well have the revenue, e.g., race-track betting and traditional lotteries, then there is no logic at all for refusing to legalize other types of gambling, e.g., numbers games, sports pools, video games. Cook's view that:

Gambling is not a basic human instinct but an acquired and cultivated habit that grows with exposure to temptation (1961: 227).

seems to coincide with the structural developments in Canadian lotteries. These developments, however, may continue to make their justification by representatives of the state difficult. Big money prizes play a key role in this regard. Changes were made in Lotto 6/49 after the 1984 \$14 million jackpot was won, in the attempt to limit the size of the jackpot. In spite of these changes, Lotto 6/49 jackpot again reached nearly \$11 million in January 1985, setting off another frenzy of lottery activity. These great bursts of lottery activity, should they continue, may continue to attract the vulnerable in the hope of winning big money but they may also render state lottery activity more difficult to justify as a form of public policy.

Large money prizes are perhaps the most significant, but not the only, important structural feature of Canadian lotteries. Other features of the prize structure itself contribute to the "lure" of the lottery. Research on lotteries suggests that odds tend to be irrelevant to ticket buyers, and are relevant only where they are spelled out for players (Loto Canada, Ultra,

1977). It has long been recognized, however, that a particular range of odds is conducive to continuous betting. The complex structure of Canadian lotteries, which offers a few large money prizes and a large number of small prizes provides this seductive range of odds and permits the lottery corporations to spell out the odds in very optimistic terms reinforcing their hope-generating effect.

The fact that lottery players are typically not aware of the odds, or if they are, the poor odds do not deter them from buying a ticket, is reflected in their behaviour. Participation is highest in the numbers games where the odds on winning a top prize are longest. High participation in Lotto 6/49 and Lottario, where the odds on winning a top prize are the longest (1 in 13,983,816 and 1 in 3,260,000 respectively (O.L.C., Fact Sheet, 1984) is reflected in the larger number of tickets sold and the higher profits [4] from these games (Table 2).

Table 2

Net Profit for O.L.C. Games in 1984

Game	Number of Tickets	
	Sold in Millions	Profits (In \$000's)
Wintario	184	40,128
Lottario	201	74,781
Provincial	11	16,319
Super Loto	5	15,883
Lotto 6/49	158	66,829
<u>Total Profits</u>		<u>213,941</u>

Source: O.L.C. Annual Report, 1983-84.

4. The fact that numbers games show higher profits than other lotteries is not totally due to greater participation. As we discuss in Chapter 5, higher numbers game profits are partly due to higher take-out rates.

Sixty-four percent of lottery tickets sold ($201 + 138 = 339$ million) and sixty-six percent ($\$74,781,000 + \$66,829,000 = \$141,610,000$) of O.L.C. profits in 1984 came from numbers games. For the many who play the numbers games, the hope of winning the large jackpot apparently renders the astronomically long odds irrelevant.

The chances of winning a top prize in Super Loto (1 in 500,000) or the Provincial (1 in a million) are relatively speaking much better than in the numbers games but ticket sales and profits reflect lower participation in these games (Table 2). This is partly because the top prizes are smaller, \$1 million and \$500,000 respectively, and partly because of the higher ticket price (Super Loto, \$10; Provincial, \$5). We already observed the negative effects on the federal lottery corporation's ability to run a profitable lottery when limited to a ticket price of \$10 or more. Loto Canada found in its research that the cheaper games offered by the provinces "enjoyed a more highly dedicated buyer than did Loto Canada" (Prices and Politics, April, 1978). Thirty-five percent of the people they interviewed said Loto Canada was too expensive and a 1978 Gallup Poll (Loto Canada, Gallup Omnibus Study, May, 1978) suggested a participation rate in Loto Canada of only 28.5%. This rate was much lower than those reported by the provinces. O.L.C. reported a participation rate of 86.7% in their \$1 Wintario game and 66.65% for the \$5 Provincial (O.L.C., Annual Report, 1977-78). Again, differences in ticket price were reflected in differences in participation rate between the two

O.L.C. games. The results of such findings, as revealed in lottery corporation research, was that eventually regional lottery corporations, in an attempt to maximize profits, offered games which ranged in price from \$0.50 to \$10 (Table 1, Appendix 1). It was recognized that significant profits could still be generated by the more expensive games. Super Loto and Provincial yielded over \$32 million in profits for O.L.C. in 1984 (Table 2). Perhaps for habitual Super Loto and Provincial players the better odds were the reason for choosing these particular lotteries. It may also have been that they offered that particular range of odds, identified by the 1951 British Royal Commission, as conducive to continuous betting.

The Commission reported that this range of odds included long odds for big money prizes and shorter odds for smaller prizes. The former contributes to continuous betting by always promising the big win and the latter by reinforcing the possibilities of winning with small prizes. All Canadian lotteries offer this combination of odds. The range of odds seems least important in the numbers games which offer fewer small prizes. Given their very large top prizes reinforcement with small prizes is apparently less important. Lottario, for example, offers 137,794 prizes in a typical draw (Table 2, Appendix 1) as compared to the 397,041 offered by Super Loto (Table 3, Appendix 1). Super Loto offers 480,000 free tickets alone. The implications of Super Loto prize structure for continuous betting are clear. It ensures that 480,000 ticket holders will at least play again because they win a ticket. In

numbers games, such as Lottario, the hope of winning their much larger jackpot prizes are sufficient to keep people buying tickets. A set of odds, which bolsters the hope-generating effects of a lottery, is best demonstrated in the changes in the prize structure of Wintario (Table 4, Appendix 1) referred to as the "passive" type of lottery by the corporations (5).

O.L.C.'s Wintario is the oldest living survivor of the traditional type of lottery. Many changes have been made in Wintario, in an attempt to counteract a tendency for the public to lose interest in it. Most of these changes were in the prize structure. In the period between May 1975, when it was introduced, and April 1982 the structure of Wintario changed nine times. Table 4, Appendix 1 shows the original structure and the largest change which occurred in November 1979. These changes included a massive increase in the number of small prizes and provided the basis for a claim by the lottery corporation that the "chances of winning something" in Wintario were getting better and better. In 1975 Wintario offered 2,160 prizes for each draw and by 1979 the number had increased to 221,196. Each time the number of prizes increased the chances of winning something, as reported in lottery corporation advertising, improved (Figure 3, Appendix 2). In 1975, the chances of winning a minimum prize of \$100 was 1 in 1,000.

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5. "Passive" games, as they are called by the corporations, are traditional lotteries because a participant merely buys a pre-numbered ticket for a draw (e.g., Super Loto, Provincial, Wintario). The corporations refer to the computerized numbers games as "active" games because the participant chooses his/her own playing number (e.g., Lottario, Lotto 6/49).

while in 1979 the chances of winning a \$5 Win'fall prize of five free tickets were 1 in 18. In 1979 there were 200,000 Win'fall prizes and 19,600 \$10 prizes (Table 4, Appendix 1). The result was that many people were winning free tickets or \$10 prizes and this encouraged the winners, as well as others who observed their "good fortune", to play again. Increased participation in Wintario was demonstrated in the increased volume of ticket sales which doubled between 1975 and 1979, going from 2 to 4 million tickets. The corporation suggested in its advertising that Wintario offered "Twice as many prizes" and "Twice as many chances to win" (Figure 3, Appendix 2). The illusion was thereby created that the chances of winning a top prize were similarly improving.

In the 1975 to 1979 period, the chances of winning a grand prize of \$100,000 in Wintario, while somewhat mystified by the addition of so many small prizes, did improve. In 1979 the chances of winning the grand prize was 1 in 200,000 as compared to 1 in a million in 1975 (O.L.C., Fact Sheet, 1979: 5). In 1979 four grand prizes of \$100,000 were offered as compared to only one in 1975, however, and in addition 16 prizes of \$25,000 were added (Table 4, Appendix 1). This increase in the number of prizes resulted in a larger and larger percentage of sales going to prizes. Originally this was somewhat offset by increased sales but by 1982 over half of O.L.C. revenues (53.6%) went to prizes [6] (O.L.C. Annual Reports, 1975-76, 1978-79,

6. These figures included all O.L.C. games, most returning bigger prizes than Wintario.

1981-82). Wintario sales did not increase as dramatically after 1979 and have been fairly constant at about 5 million tickets per draw since that time (Table 4, Appendix 1). There was obviously a saturation point in the Wintario market beyond which sales could not be increased no matter how innovative the marketing strategy. Changes in Wintario prize structure since that time have taken the form of variations in the minor prizes rather than increases in the number and size of prizes. By 1982, Wintario had 283,255 prizes and O.L.C. reported that the chances of winning a prize, i.e., one of the 250,000 Win'fall prizes weekly, was 1 in 17.6 (Table 4, Appendix 1). A breakdown of the chances of winning prizes of different value (Table 5, Appendix 1) shows that the chances of winning a grand prize of \$100,000 (eroded by inflation since 1979) were still the same, the \$25,000 prizes had been eliminated and the chances of winning \$10,000 were 1 in 500,000. In this 1982 prize structure the chances of winning a large prize were not improved. Nevertheless, as late as 1984 Wintario continued to account for nearly 19% (approximately \$40 million worth) of O.L.C. profits (Table 2). It would appear that by manipulating the many small prizes, the corporation was able to maintain the illusion that the chances of winning big money in Wintario were better than ever while they actually remained the same.

Other relatively minor, but highly promoted, changes in the prize structure of traditional lotteries buoyed up their profit-making potential. Some of these changes were referred to as "special prizes" for which the participant was eligible

without buying another lottery ticket. O.L.C., for example, promoted the "Scramble", "Two-way" and "Win'fall" features of Wintario [7]. These were "new ways to play Wintario" they argued, promising "Twice the fun for a buck" (Figure 3, Appendix 2). This promotion implied added participation and entertainment value for the player. In fact, they were glowing descriptions of minor manipulations in the prize and game structure providing approximately 1,650 fifty dollar prizes and 250,000 prizes of free tickets (Table 4, Appendix 1). In 1982, O.L.C. added to Wintario a jackpot feature imaginatively called the "Snowball Prize" (Table 4, Appendix 1) in order to invite new and continued participation for higher and higher stakes. In another strategy, the buyer of a Provincial ticket was eligible for five consecutive weekly draws and was therefore involved in a continuous betting pattern, at least for that period of time (O.L.C., Provincial Fact Sheet, 1982). Subscription tickets, e.g., the Lotomatique system which permits non-profit organizations to sell subscription tickets to Loto-Quebec games, also encourages continuous betting over the period of the subscription. Instant games and prizes similarly promoted continuous lottery betting.

It has been observed, in relation to the more exploitive forms of gambling, that where the payout interval, i.e., time between

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7. The Wintario ticket had a six digit number ranging from 000,000 to 999,000. The number of digits and the order in which they must appear for a win varied in the winning numbers drawn each week. In addition there were the special prizes. To win a "\$50 scramble" prize a player's six digit number had to match, in any order, a six digit scramble number drawn each week. The "Two-way" feature involved the draw of a two digit number and, if any two consecutive numbers in a ticket number matched the holder of the ticket was Win'fall winner of a book of five \$1 tickets.

betting and paying out winnings. In short, winners are induced to play again. In addition, participants who have not yet won are encouraged to cover their losses and observers are enticed to join in (Cornish, 1978: 168). In some cases, e.g., the Instant lottery offered by Loto-Quebec (Table 1, Appendix 1) this feature is the focus of an entire game but more often it is incorporated as part of the structure of existing lotteries. Super Loto and Provincial, the two traditional I.P.L.C. lotteries, have very complex instant prize structures which take advantage of this gambling principle. In both games over 80% of the prizes are instant prizes with Super Loto offering 501,036 instant prizes monthly and Provincial giving 292,854 weekly (Tables 3 and 6, Appendix 1). Tickets for both games are sold in pouches. The Super Loto Pouch includes a "Tic-Tac-Toe" scratch-off game where the buyer can win up to \$10,000 on the spot. Some of the smaller instant prizes can be redeemed immediately through the retailer or local bank. In the Provincial, ticket pouches might include free tickets or cheques of up to \$5,000. The instant features and the better odds offered by these two traditional lotteries apparently overshadow the high cost of a ticket for their players and, while they are much less lucrative than Winterio or the numbers games, they continue to return millions of dollars yearly to the lottery corporations.

The gambling literature also tells us that as the frequency of opportunity for betting increases the incidence of gambling

increases. Lottery corporations act on this principle by providing many games with frequent draws, numerous and convenient ticket outlets and many free tickets as prizes. Observe in Table 1, Appendix 1 that, for people in W.C.L.F.'s distribution area, four games are available, three weekly draws (Western Express, Provincial and Lotto 6/49) and one monthly (Super Loto). Loto-Quebec offers the greatest number of games and draws; La Quotidienne on a daily basis except Sundays, Inter-Loto twice a week, Mini-Loto, 6/36, Loto- Select, Provincial and Lotto 6/49 weekly, Super Loto monthly and special Instant games four times a year, O.L.C. and A.L.C. both offer five games, all on a weekly basis except Super Loto. Since the first state lottery in Quebec in 1970, the number of games and the frequency of draws has increased steadily.

Loto Quebec in its first year conducted three lotteries, one each, on a weekly, monthly and four times a year basis. The other regional corporations began with one game drawn weekly. I.P.L.C. entered the field with one bi-weekly game, the Provincial, a game already established by O.L.C. in 1976, and later contributed three games, two weekly and one monthly, to the numerous games available. That many draws for that many games provides a great deal of opportunity to purchase a lottery ticket and the hope of winning money. This is particularly true when the large number and variety of locations of ticket retailers are considered.

O.L.C. alone reported 19,000 retailers in Ontario. Over

1,900 of these outlets are for all O.L.C. games, including the two computerized numbers games, Lottario and Lotto 6/49 (O.L.C., Annual Report, 1981-82: 5). This means that 1,900 retailers sell five games in Ontario and the remaining ones sold three. These retailers include gas stations, variety stores, chain stores, news stands, barber shops, shopping mall information centres, trust companies and individual retailers in commercial and industrial areas. Lottery corporations in other regions of Canada have similarly complex and pervasive networks of ticket retailers. The lottery corporations argue that retailers commissions (5-8 cents on a dollar of ticket sales) are an important source of income for those who sell lottery tickets. It would probably be more accurate to say that they are an additional, if somewhat minor, source of revenue for retailers. Sometimes retailers have expressed the view that, even though they felt some guilt at selling tickets to those whom they perceived could not afford them, "if they didn't sell them someone else would" (Montreal Gazette, June 9, 1979). Lottery corporations have always found it necessary to give some additional incentive to retailers, either in the form of a prize for selling a winning ticket or as a chance to win in a special retailer's lottery. Ontario gives bonuses to retailers selling major prize-winning tickets. Western Express provides a retailers bonus draw each week in which retailers can win a prize of \$50 (W.C.L.F., Western Express Fact Book, 1981: 10). Loto Canada, during its lifetime, had a retailer's lottery and, as previously observed, non-profit organizations

serve as retailers in some provinces in return for a small commission. In this way lottery corporations have established a vast network of ticket outlets across Canada. In the course of their day to day lives, Canadians are continually reminded that the opportunity to win money in the lottery exists. They are also reminded of this in the public media, particularly through television advertising.

Lottario commercials remind the potential lottery player that "You can't win if you don't play". Lotto 6/49 commercials suggest the complete change in life-style which winning one of their large jackpot prizes would make possible. A "cultured" gentleman, in this commercial, instructs Lotto 6/49 players in the finer things in life which they can expect with a win, e.g., art appreciation, how to manage the new chauffeur, etc., and asks "Will you be ready?" The illusions of personal success associated with Lotto 6/49 are obvious in this commercial. Evidence on the few big winners suggests that they do not really change their life-style in this way but, nevertheless, the images portrayed in such commercials are the things from which dreams are made. Publicity surrounding the large winners similarly keep the hope of "winning big" alive.

A big winner, who was said to have formerly subsisted on a disability pension, is pictured in front of her new \$150,000 home and a winning hairdresser's smiling face is seen above her Lottario cheque with the caption "Shopping Sprees". (Sunday Sun, Nov. 28, 1984). The way in which this publicity promotes sales was demonstrated while the Lotto 6/49 jackpot of January 1984, which eventually reached \$14 million, was growing. On

Jan. 4, 1984, a previous Lotto 6/49 winner appeared in the Toronto Star. This winner was quoted as saying "you need to be positive if your hoping to win this week's \$5.5 million Lotto 6/49 draw". "Being positive" here meant habitually buying lottery tickets, a view which is fairly common among lottery players (Financial Post, Nov. 1, 1983). This view was also offered in Lotterio commercials which state "You can't win if you don't play". The Toronto Star went on to state, of the previous Lotto 6/49 winner, "She knows. She won \$3.8 million in a Lotto draw last March, still the largest tax-free prize ever won in North America" [8]. The point that winnings in Canadian lotteries are tax-free, as compared to American lotteries, in which lottery winnings are taxed in the same way as other income, is often made out in the media and no doubt entices people to buy Canadian lottery tickets. Similarly, the many free ticket prizes also influence buyers to play again. Thus, by increasing the number of games, draws, free ticket prizes and ticket outlets, and by promoting them in the media, the opportunities to take a chance in the lottery are increased.

The history of gambling also demonstrates that types of gambling which permit some degree of participation or the "exercise of skill" are more likely to induce bettors to gamble continuously. In the case of lotteries, the extent of participation and the level of skill exercised is often more

8. The publicity surrounding large lottery prize winners is not always the result of lottery corporation advertising. In cases such as this one where the stakes were very high the press itself publicized them as human interest stories. The impact on lottery ticket sales was the same.

imaginary than real. We saw the claim, by O.L.C. in 1979, of "new ways to play" Wintario based on special prizes. It implied greater participation by the bettor but in fact, represented only minor manipulations in the prize structure. Lottery corporations also acted upon the notion, generated by psychological studies, that people are motivated to control their environment and that this includes chance events.

According to one psychological analysis, the more similar a chance situation is to a skill situation the more confidence the people involved have that they can influence the outcome and the more likely they are to take risks (Langer, 1975). In other words, participation leads to the illusion of control over chance events increasing the likelihood of betting. Numbers games and sports pools operate on this gambling principle. A study in the United States where a highly developed system of illegal numbers games already existed, recommended that:

in order for state lotteries to compete more successfully with the numbers games ---- whose popularity may be a product of the fact that participants are afforded the opportunity to exert illusory control by choosing the particular combination of numbers on which they wish to wager ---- it may be efficacious for the various lottery commissions to add this element of choice to their respective games (Langer, 1975: 311).

Likewise, Kellick et al., in their study of both legal and illegal games in the United States, comment on this difference between numbers games and lotteries in terms of the higher level of personal involvement:

The difference lies in the characteristics of numbers by which bettors place bets on numbers of their own selection. This involves the bettor in vast areas of prognostication, dream interpretation and related activities which makes the game a complete pastime (1971: 121).

This quote clearly recognizes the potential of numbers games in selling dreams and Canadian lottery corporations, beginning with Loto-Quebec's 6/36, had established computerized numbers games in all regions of Canada by 1982.

The advertising associated with Canadian numbers games reveals the lottery corporation's awareness of, and their attempt to exploit, the myth that greater involvement in the chance situation results in greater control by the bettor. According to O.L.C. advertising "You don't just buy a ticket ---- you play Lottario" and

Everyone has favourite numbers ---- and Lottario gives you a chance to pick six of yours each week. Your birthday, your anniversary or licence number of whatever is lucky for you (O.L.C., Lottery News, Vol. 5, Issue 1, Jan., 1979).

This advertising clearly implies that the bettor's personal input, in choosing their own numbers, can favourably affect their chances of winning. Numbers games combine this feature with low ticket price [9] and potentially very large jackpot prizes. On occasions where the jackpot reached millions of dollars they created the lotomania previously documented.

Associating betting with some other attraction or activity, thereby making it more entertaining, also attracts more players. This is the case for casinos, race-track and sports betting. Cornish describes the strong attraction of the casino:

behaviour of roulette players suggests that even the behaviour of a metal ball can be invested with interest and significance so as to become the occasion for competition among players or between players and croupier (1978: 171).

9. Numbers game ticket prices ranged from \$.50, for Loto-Quebec's Loto-Select and La Quotidienne, to \$1 for Loto 6/36, O.L.C.'s Lottario and I.P.L.C.'s Lotto 6/49 (Table 1, Appendix 1).

Televised lottery draws may be viewed in a similar way. Pushing the button to activate an array of machines, through which winning numbers are chosen by dropping numbered balls, may have a similar attraction for some lottery players.

Televised lottery draws permit a minimum of participant involvement by permitting them to observe the chance event. Lotteries, such as Wintario, A-Plus, and Western Express, promote interest in the lottery by travelling to communities throughout their region inviting local involvement in the draws. The O.L.C., 1978-79 Annual Report, described the Wintario show as follows:

There's no business like show business....so goes the song. And Ontario communities in every county and district seem to echo that sentiment, as they invite the Wintario draw show to share in local celebrations. From Wellesley's Apple Butter and Cheese Festival to the Marti Gras Carnival d'hiver in Sturgeon Falls, Wintario is there.

Often these lottery draws are hosted by well known media, sports or entertainment personalities, e.g., T.V. personality Fred Davis for Wintario and actor Lorne Green for Cash for Life. In the same way as associating singer Anne Murray with the Canadian Bank of Commerce and comedian Bigl Cooby with Coke, the process gives greater credibility to the product in question. While some skeptical readers may protest that these T.V. draws are not very entertaining, in their view, the continuing success of the shows in attracting live audiences indicates that, at least for some people, particularly in smaller communities and more remote regional areas, e.g., Bancroft, Ontario and Corner Brook, Newfoundland, they are the object of curiosity and perhaps

entertainment. These publicized draws are likely to create immediate interest in the lottery in the host town and surrounding area.

Sports pools are more entertaining than traditional lotteries because they associate betting with a sports event in which there is already a great deal of public interest. In addition, they create the notion, among self-professed experts, that they are exercising skill and therefore have some control over the outcome of the bet. In the baseball version of the federal sports pool advertising stated that:

Sports Select Baseball is an exciting new game for sports fans. But it is easy and fun to play, so everyone can join in. Unlike lotteries which are based on the luck of the draw, Sport Select Baseball is based on home and away results of weekly baseball games (Canadian Sports Pool Corporation, 1984).

The extent to which skill is a factor in sports pool betting is controversial. Studies of the pools in Britain and Sweden suggest that while the opportunity to exercise their judgement, based on knowledge of the sport, may be important to some bettors, more than half of the winners used systems based on chance. Furthermore, the demographic profile of sports pool bettors did not differ very much from that of lottery and numbers bettors (Cornish, 1978; Downes et al., 1976; Tec, 1964). It was found, nevertheless, that an emphasis on the "skill" aspects of gambling was commercially advantageous; "it reduces feelings of guilt (genuine effort is being rewarded) and bolsters the punter's confidence in his ability to predict outcomes" (Cornish, 1978: 129). An individual with this kind of

confidence, it was argued, is more likely to bet on the pools but, they also suggested that, it is the big pay-off associated with sports pools which is probably most conducive to betting. In Canada, it is in the numbers games where pay-offs were highest. But, sports pools are also pari-mutuel systems [10] and even though the jackpots in Canadian sports pools were much smaller than those for numbers games (\$250,000 minimum weekly pool in the federal game), the importance of the big jackpot in attracting bettors did not escape their promoters. Promotion of Quebec's Hockey Select stated:

All you have to do is predict the outcome of 13 games and you could make almost as much money as Wayne Gretsky earns in a season (Ottawa Citizen, Oct. 26, 1982).

There was in this promotion the implication that it is the hope of winning a big money prize which ultimately persuades the bettor. As previously observed, one way in which lottery corporations entice their bettors is by associating lotteries with the "good public causes" funded with lottery money.

Lottery corporation research indicates that the causes for which lottery revenues are used are less important as a reason for buying a lottery ticket than most of the structural features previously discussed (Loto Canada, Price and Politics, 1978). When potential bettors are continually reminded of the "good causes" funded with lottery revenues it may provide for some

10. Numbers games and Sports pools produce large jackpot prizes because they are pools or pari-mutuel systems in which the prizes are proportional to the stake and the number of winners in a prize category. It follows that the chances of winning, as in numbers games, (e.g., Lotterio, Table 2, Appendix 1) are approximate. If any pool is not won at a particular draw it is added to the jackpot pool for the next draw.

players a justification for betting. Johnson, in his study of Wintario, observes that 'earmarking' of lottery profits enhances the social acceptability of that lottery and makes people more aware of it but that the relationship between earmarking and lottery ticket sales is unclear (1979: 23). In lottery corporation promotion and advertising, it is implied that everyone in society benefits equally from the programs and projects funded. The purchaser of a lottery ticket, following this reasoning, cannot lose because, even if they do not personally win in the lottery, they at least contribute to their own and society's welfare.

The mottoes of lottery corporations, as publicized in their promotion, convey their message that the lottery is in the interests of all, e.g., "We all win", Wintario; "A better chance for all", Provincial, (O.L.C., Annual Report, 1978-79). The message is most clearly delivered in the television draw shows. The Wintario show, for example, invites participation by promoting the idea that the lottery belongs to the people of Ontario as a means of raising revenue for worthy community projects. Frequently, the show includes film of projects previously funded with Wintario grants. People are reminded in this way that the benefits of buying a lottery ticket cannot be measured in dollars won alone. O.L.C. promotion of Wintario states:

sports arenas, swimming pools, libraries, theatres, etc. are being built, repaired or expanded, sports teams are outfitted; and books are bought, artifacts are displayed in new local museums, shows are put on, and artists have the opportunity to improve their skills (O.L.C., Information for Students on Ontario Lotteries, 1979).

We already queried, and will discuss at greater length in Chapter 6, the proposition that projects such as those in the above quote actually benefit everyone equally. Taken at face value, however, lottery corporation promotion and advertising, which draws out this point, may serve as a justification for the corporation's profit-oriented tactics and tend to justify state lottery activity in general. O.L.C.'s professed "raison d'être" demonstrates how their profit-making bent is cloaked in benevolent pretensions and dependent on matters over which the corporation has no control, the allocating of Wintario grants. It was:

to enable the people of Ontario to join in the fun and excitement of their own lotteries while contributing to the quality of life through a variety of worthwhile activities (O.L.C., Annual Report, 1980-81: 18).

The link between the lottery and the causes funded with the profits is often made in more subtle ways, e.g., ticket design. Wintario tickets typically display an athlete, in at least one series a handicapped athlete, engaging in some sport or recreational activity, to remind the buyer of the destination of Wintario profits (Figure 4, Appendix 2). The trillium, floral emblem of Ontario, on the Provincial ticket suggests that Provincial profits in Ontario are directed for the "good of the province" (Figure 6, Appendix 2). The Canada Goose on the Super Loto pouch and ticket (Figure 5, Appendix 2) suggests the "national flavour" attributed that lottery which replaced Loto Canada, presumably so as not to lose the loyal Loto Canada

buyer. Pointing out the provincial or national connection of a lottery, while at the same time emphasizing the "good" or "public" nature of the projects funded, may serve to justify lotteries as acceptable state activity. It may also have reassured those who would not buy illegal tickets that if a lottery is operated by government it is an honest game. Lottery corporations attempt to reassure their customers of the integrity of their games as a way of avoiding the stigma of corruption associated with illegal games. This is also achieved through complex ticket design, in a way similar to the design of paper money, in order to eliminate fraudulent duplication of tickets. The integrity of the lottery is reinforced by the presence of financial security experts at televised draws. Linking lotteries with projects defined as "in the interests of all" and stressing the honesty of state-operated lotteries are two additional strategies used to attract ticket buyers and make lotteries profitable.

Canadian lotteries are described here as very complex structures. This structure imposes on the individual a 'chance ideology' by pervasively distributing the hope of personal success through winning big money in the lottery. The process is ideological in the sense that the hopes created are unrealistic in the light of their actual possibilities of fulfillment. The chance ideology is created, firstly, by manifestations of the structure and, secondly, by promotion of that structure in the media. The structural characteristic of long odds for large money prizes and shorter odds for enumerable

smaller prizes proffers the hope of a big win and strengthens that hope with small prizes. Media promotion of growing jackpots, the projected consequences of winning them, as well as publicity concerning the "big winners", plays an important role. Everybody sees the big winners in the newspapers and have either won a small prize or knows someone else who has. Other aspects of the structure of lotteries, i.e., a range of ticket prices, many games, draws and ticket outlets, and games which portend to offer increased participation and entertainment, all of which the potential buyer is reminded of in lottery promotion and advertising, are additional features which encourage people to buy lottery tickets. Add to this the notion of the "good works" financed with the profits and the proposed honesty of state-operated games and the corporations have a very comprehensive strategy for making state lotteries profitable.

Summary

A history of the development of state lotteries in Canada shows that governments quickly moved into the lottery field after the 1969 Criminal Law Amendment Act made it possible. Competition between the federal and provincial lotteries resulted in a long-standing conflict between these levels of government over who should run lotteries. The provinces won this struggle by forcing the federal government out of numbers games, traditional lotteries and sports pools. The provincial governments established a monopoly in lotteries, eliminating not only federal lotteries but, in many cases, the lotteries of non-profit organizations, the original operators of lotteries in Canada. The 1969 Act gave

provincial governments the power to license the lotteries of non-profit organizations but instead these governments virtually forced such organizations out of the lottery field. Normally non-profit organizations are obliged to take a relatively small percentage of provincial lottery profits, in one form or another, in return for their acquiescence to the government's plan concerning lotteries.

State lotteries were set up as Crown corporations, an organizational type well suited to the task of running a profitable state lottery, because they operate on the principles of private business with some degree of autonomy from governments. This structure permits the corporations to single mindedly pursue lottery profits in a way that would be less credible for a government department in a political system defined as democratic. The traditional lottery is a relatively uninteresting form of gambling in which the level of participation tends to decline over time. In the attempt to make lotteries profitable, the corporations added to their lotteries most of the characteristics, identified in the gambling literature, as conducive to continuous and exploitive types of gambling. In practice, a lottery structure characterized by these features imposes on individuals a chance ideology based on images of personal success. The possibilities of achieving this success in the lottery are grossly exaggerated in lottery promotion and advertising. In the context of late twentieth century Canadian capitalism it may, however, seem the only hope for some members of society. The consequences of the lottery structure discussed in this chapter are examined in Chapters 5 and 6.

CHAPTER 5

WHO PLAYS AND WHO PAYS IN STATE LOTTERIES?

The complex structure of Canadian state lotteries, as established by Crown corporations, was described in Chapter 4. This structure of lotteries and their promotion in lottery advertising creates a set of ideas referred to as 'chance ideology'. This ideology is strengthened by lottery-related stories in the public media. Chance ideology suggests that in the state lottery all Canadians have equal opportunity to acquire the personal success attributed to 'big money' lottery winners. If the ideology is perceived and acted upon we would expect its consequences to be reflected in the characteristics of lottery players and winners. Relatively disadvantaged social classes and groups, for whom opportunities are severely limited in society, could be expected to find the opportunity offered in the lottery most compelling and as a consequence be more committed lottery players. Because winners are a small but generally representative sample of players this generalization would apply to them also. This chapter focuses on the consequences of the chance ideology associated with state lotteries for particular social classes and groups as reflected in the distribution of lottery players, payers and winners.

Lottery Players

In 1978, according to Statistics Canada, 75.6% of Canadian families reported the purchase of a lottery or raffle ticket [1] during the twelve months prior to the survey (1982(b): 108-9). The percentage of families reporting a purchase is relatively constant throughout the various regions of Canada. O.L.C. reports a considerably higher participation rate of 85%. This higher rate was produced when the question was asked, of respondents in an O.L.C. telephone poll of a sample of 800 Ontario households, "Have you ever purchased a lottery ticket?" (O.L.C., News Release, Nov. 5, 1984: 2). Such a poll clearly maximizes lottery participation (because of the word "ever") and perhaps permits lottery corporations to justify their games in terms of their popularity. The somewhat lower participation rates reported by Statistics Canada are still much higher than those associated with traditional lotteries. In 1974, Kallick et al. reported, for example, that in the twelve American states where lotteries were legal, at that time, only 48% of their respondents bought lottery tickets (1979: 275). Higher levels of participation in Canadian state lotteries, as well as more current American lotteries, seem to be related to the greater exposure to lotteries and changes in the structure of the games which incorporate many features of more exploitive forms of gambling.

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1. Note that these data include all lottery and raffle tickets not just state-operated ones. For reasons discussed elsewhere, the state acquired a monopoly in the field so that most of the purchases reported here were state lottery tickets.

Kallick et al. observe that an important determinant of total gambling behaviour, and the amount of revenue that can be raised from it, is the "extent to which gambling is a dynamic phenomenon that is affected by and in turn affects surrounding society" (1979: 117). When one form of gambling is legalized, they argue, it adds to the publicity and the atmosphere of acceptability of gambling. Their study shows that participation in gambling tends to rise as the number of gambling facilities rise (i.e., in the case of state lotteries as the number of games, draws and ticket outlets grow). Kallick et al. observe, however, that availability, combined with lower costs, probably accounts for the fact that where lotteries were legal in their study 48% of respondents reported buying lottery tickets while only 16% of their respondents reported betting on the horses in states where it was legal (1979: 275). They conclude that it was much easier to buy a lottery ticket than to travel to the racetrack to bet on the horses. Recent state lotteries, in both Canada and the United States, have added to their games many of the characteristics associated with compulsive gambling. The compelling nature of these lotteries is subsequently reflected in increased lottery participation.

The increase in lottery participation in Ontario parallels the development of pervasive lottery structures as reflected in the tremendous growth of ticket sales. Lottery ticket sales in Ontario grew from approximately \$97 million in 1975-76 to \$506 million in 1981-82 (O.L.C., Annual Report, 1981-82: 3). Because the price of tickets, i.e., \$.50 to \$10, either remained the

same or generally decreased due to more games with a \$1 ticket, increases in ticket sales as reported in dollars reflect an actual increase in the volume of tickets sold. The trend continued with sales of about \$662 million in 1983-84 (O.L.C., Annual Report, 1983-84: 16). During the nine year period between 1974 and 1984, over-all participation as reported by the lottery corporation increased only from 82% to 85%. Given the massive increase in the volume of tickets sold during the same period, this must have meant that either more members of a given household were buying lottery tickets or individual players were buying more tickets, perhaps for more games.

In 1975-76, O.L.C. had one game (Winterio, \$1 ticket) with bi-monthly draws and reported that 92.3% of purchasers bought five tickets or less (\$5 or less) and that 4.1% bought ten tickets or more (\$10 or more) (O.L.C., Annual Report, 1975-76: 10). By 1983-84, O.L.C. had six games, most of them with weekly draws. O.L.C. now reported that 58.8% of participants spent less than \$5 and 23.5% spent \$10 or more monthly (O.L.C., Annual Report, 1983-84: 13). The proportion of players spending \$10 or more increased sixfold in eight years while the number spending only \$5 declined. Overall, individual players were now spending more money on lottery tickets. In some cases this was because they played more than one game. Thirty-two percent of Ontario lottery players in 1983-84 played two games while 14% bought tickets in three or more lotteries. By this time, the structure of lotteries in Ontario was very complex and information about it was widely disseminated in society.

The gambling environment as created by state lotteries in Canada by the 1980's can be compared to the "everything legal" environment in Nevada described by Kallick et al.:

When gambling becomes an omnipresent part of everyday life, as in Nevada, participation rates rise to almost 80 percent of the adult population and the average amount bet per participant rises likewise (1979: 117-118).

It is argued in this American study that where a form of gambling is widespread and legalized in a society, e.g., casinos in Nevada, that activity attracts customers from other forms of gambling as well as new customers. In the case of pervasive state lotteries in Quebec in the 1980s, the press reported that bookies and pools and numbers games in taverns in Quebec were suffering from Loto-Quebec competition. One bookie complained that his life-style had declined dramatically in the period after government lotteries were introduced. Statements attributed to police and underground gambling figures reported a similar situation. One gambler, who also played the horses and dice, told reporters that he spent \$1,000 a week on Loto 6/36, one of Loto-Quebec's numbers game (Globe and Mail, April 6, 1983). Such reports indicate the compelling nature of the gambling environment created by state lotteries.

Kallick et al. warned that, based on their data on American gambling, widespread legalization of gambling on a national basis might result in a significant increase in the incidence of compulsive gambling and that poorer people would pay the heaviest burden if the state introduced lotteries and legalized numbers games (1979). In Canada by 1981, the Winnipeg Police Chief called on government to stop sponsoring and promoting

gambling through lotteries and casinos [2]. He urged the government to ensure the availability of treatment programs for "those casualties that will predictably occur as a result of easier access to the gambling experience" (Globe and Mail, July 16, 1981). Gamblers Anonymous, a group that helps compulsive gamblers break their addiction, were also concerned with the gambling environment created by state lotteries. As early as 1978, a Toronto representative of the organization reported that attendance at their meetings had "doubled and tripled over the last couple of years" (United Church Observer, November 1978: 12-15). They later argued that "massive prizes such as the one offered by Lotto 6/49 prove irresistible to poor Canadians", (Maclean's Magazine, January 23, 1984: 12-18). In one ironic example at least one branch of the Ontario government, the Ministry of Community and Social Services, acknowledged the problem by funding research into the social costs of compulsive gambling (Ottawa Citizen, Nov. 22, 1984). The emphasis in this research would appear to be on treatment of the casualties rather than a critique of the exploitive nature of the gambling environment created by state lotteries. We shall see that this environment, notwithstanding arguments by lottery corporations to the contrary, tends to exploit the vulnerable and those least able to afford lottery tickets.

The lottery corporations claim that "lottery players and

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2. The government in Manitoba had been licensing casinos since 1971 to raise money for community organizations and charities.

winners come from all walks of life, from every social and economic background" (O.L.C., Annual Report, 1981-82: 8). They argue, more specifically, that their "clientele is the vast middle class" (Loto-Quebec, Annual Report, 1980-81: 17). The evidence on Canadian lotteries, nevertheless, tends to be consistent with the claim made in the gambling and social scientific literature, that those groups and classes who share the lower levels of the socio-economic hierarchy in society buy most of the lottery tickets. Two-thirds of lottery tickets are sold to low income, low education players. As a proportion of their income, much more is spent on lotteries. Hence lotteries in Ontario and Canada are constituted on a base of players least able to afford them. This is so because these groups are apparently vulnerable to the promise of hope which the lottery offers -- in particular, the hope of winning money, "an all-purpose solution to life's problems" (Cornish, 1978: 159). Even for the fairly traditional American lotteries in 1974 with modest prizes by more recent standards, the single most frequently given reason for buying a lottery ticket was "to make money" (Kallick et al., 1979: 296). More recently, the highest participation rates in Canadian lotteries are in the state-operated numbers games reflecting the importance to players of the "big money" prizes which this type of lottery offers.

Functionalists sociologists, concerned with how a social order is maintained, suggest that gambling contributes to the stability of a given society by providing an outlet for the

frustrations of those "less favourably located" in a social structure (Parsons, 1950; Devereaux, 1950; Coser, 1956).
Nechama Tec attempted to test this proposition in relation to the state-run Swedish soccer pools (1964). In Tec's study, class location is determined by occupation. The occupations reported by respondents in her survey are categorized into classes: upper, middle and lower classes. She argues that conventional channels of social mobility, i.e., opportunities to favourably change one's class position, are less accessible to those located in the lower occupational classes. For these classes to whom "more realistic avenues of achievement are very limited" (Tec, 1964: 59) the dreams of social achievement provided by gambling may be very important. Tec bases this assumption on Devereaux's work, who suggests that unstable jobs and lack of opportunities for education and social achievement associated with the living conditions of the same stratum of American society is especially conducive to gambling (1950: 827-29). Tec finds support for the proposed relationship between occupational class and gambling among Swedish soccer pool players.

Tec reports that the percentage of "punters" in the lower, middle and upper occupational classes was 60%, 45% and 40% respectively. Similarly, the percentage of players by occupational class origin was 61%, 40% and 38% for the lower, middle and upper categories (Tec, 1963: 52). She also found that sons of fathers with lower occupational class origins, with relatively low levels of educational achievement and whose

fathers were non-property owners were the most likely to play the pools (Tec, 1964: 53). Tec concludes that gambling can be considered a "safety valve institution", as described by Coser (1956: 48), which serves to "drain off hostile and aggressive sentiments" and "help maintain the system by preventing otherwise probable conflict or by reducing its disruptive effect". Therefore, in the interests of social stability, Tec recommends that a legalized form of gambling "equally available to all members of a society", i.e., legal and cheap, be introduced in any society concerned with preventing sources of potentially deviant behaviour "from developing into outright deviancy" (Tec, 1964: 120). Theoretical generalizations of this sort tend to justify the exploitation of the "lower classes" through state lotteries.

Even this literature, which favours lotteries, acknowledges that it is not the typical consumer of lottery tickets who gains the most but the "society". But, "society" is not an entity which exists above and beyond the classes which constitute it. It is those classes in whose interests a specific social structure is maintained who ultimately benefit most from lotteries. Social analysts, whose first concern is social order, frequently recommend lotteries and similar games as a strategy for containing potential conflict between classes in a structured system of inequality. Weinstein and Deitch say, in their study of the socio-economic consequences of legalized lotteries and off-track betting in the United States:

Gambling, whether it is legal or illegal, appears to create an escape from frustrated ambitions by offering the hope of

a better life to people who otherwise have little expectation of improving their socio-economic status. From this point of view, provision of a legal outlet can be construed as filling a social need (1974: 4).

Similarly, Kinsey who also favoured state lotteries argues that the merit of state lotteries does not lie in their revenue potential alone. Explicitly acknowledging that "low-income classes may participate in lotteries largely because of the hope element", he states that in this way state lottery activity can be regarded as "providing a service to consumers" (Kinsey, 1963: 12-19). For other social analysts, concerned with the inequitable consequences of legalized gambling, the hope provided by state lotteries is a service of dubious quality to say the least.

Some observers argue that the promotion of such controversial activities by the state may undermine the legitimacy of the state. Frederick Stocker, in his discussion of state-sponsored gambling as a source of public revenue in the United States, concludes with the following scenario:

The real significance of the lottery and other forms of publicly sponsored gambling,...lies not in the revenue but in the change that it signifies in our national conception of the nature and functions of government. Government sponsorship

and encouragement of any form of private consumption, especially those widely held to be deserving of disapprobation, seem to me dubious public policy. It may be that the fiscal crisis of the states, is leading legislatures to cast about desperately to find forms of sin in which a state monopoly can be established will bring about a fundamental alteration in our traditional views of the relation of government to the private economy (my emphasis) (1972: 441).

Certainly, those concerned with changing society in the direction of greater equity must take a critical view of state policies of this sort.

Lotteries, as they currently exist in Canada, are a form of state policy and, as we argued in Chapter 2, they must be understood within the context of a theory of the state in class society. Koula Melos, in her discussion of game shows and lotteries in Canada, argues that legitimization became increasingly difficult for the state in contemporary capitalism given the economic crisis which resulted in disparities between the liberal-democratic principle of equal opportunity and the existing material dynamics of society:

In such a setting the operation of individual upward mobility cannot be accommodated. Vigorous diligence in the work world cannot be rewarded at the present moment of capitalism and therefore cannot serve the individual as a means of reaching new heights. What is compatible is the redirection of material pursuits into the domain of non-productive leisure activity. It is here, then, that equality of opportunity can continue to operate and continue to generate support on the level of ideology for the system and its infrastructure (Melos, 1979: 9).

Melos goes on to point out the implications of this transfer of the equal opportunity principle to chance related activities.

Failure to achieve success in the world of work is a constant reminder of personal failure. Games of chance appear egalitarian in the sense that the chances of winning are not related to the participants social characteristics, e.g.,

education, income, age, sex, ethnicity. The opportunity provided in the realm of chance is a compensation for loss in the world of work. There is no stigma attached to losing in the lottery. Unlike the work world, the independence between draws or rounds in a game of chance keep the hope of winning alive (Melos, 1979: 9). If the purchaser of a lottery ticket is buying hope of liberation from their current socio-economic position, the state lottery, offering prizes in the millions of dollars, has no serious competition either in the realm of work or from other available forms of gambling where the odds are better but the stakes are much smaller.

The stabilizing or legitimizing effects of lottery policy are not inevitable and cannot be assumed as a theoretical premise but rather must be the focus of empirical investigation. Frank Parkin makes this point, generalizing from a Weberian perspective, and argues that gambling might be one alternative to political radicalism:

The social importance of gambling lies in the hope it appears to offer to the relatively disadvantaged of bringing about a dramatic improvement in their lot. The extent to which an interpretation of the social world based on notions of chance and accident does in fact obstruct socialist or radical interpretations is an empirical question (1972: 76-77).

The role of Canadian state lotteries in supplanting critical interpretations of the lack of opportunities "to make it" provided by society with "visions of making a million" is in part reflected in the tendency for those in relatively disadvantaged social and economic positions in society to buy most of the lottery tickets.

Levels of income and education are taken to be indicators of

social and economic position in this thesis. Individuals with below average income and a high school education or less are regarded as relatively disadvantaged. These relatively disadvantaged include a large proportion of the unemployed, women, aged, disabled and otherwise poor, as well as the working and lower middle class. Table 1 [4] shows the estimated distribution of Wintario players by income and education in 1979. As pointed out in Chapter 4, Wintario is O.L.C.'s longest running lottery and has a ticket price of \$1.

Table 1 indicates that the largest percentage of Wintario ticket buyers (43%) had incomes of less than \$10,000. While this low-income group was somewhat underrepresented among lottery players, in comparison to their representation in the Ontario population (49%), in absolute numbers they made up the largest category of over 1.9 million players. The relationship between playing Wintario and lower levels of education is even stronger. Players with high school and other non-university education or less were overrepresented among Wintario players ($69\% + 17\% = 86\%$) in comparison to their representation in the Ontario population ($66\% + 14\% = 80\%$). In absolute numbers, however, the relationship between lower levels of education and lottery playing is even clearer. More than four and a half million players came from these lower educational categories while only 800 thousand had university level education. Even

4. The use of the 1981 census distribution to create the absolute numbers in Tables 1, 2, and 3 standardizes the comparison and provides a conservative estimate of the socio-economic differences in lottery players over time.

Table 1

Estimated Distribution of Wintario Players by Income
and Education (1979)

<u>Income</u>	Estimated Wintario Players in Absolute Numbers(1) (000)	% of Players	% of Ontario Popula- tion
Under \$10,000	1,991	43	49
10,000 - 14,999	803	17	16
15,000-19,999	666	14	13
20,000+	1,148	25	23
Total	4,608(2)	100	100
<u>Education</u>			
Public School	949	17	14
High School	3,833	69	66
Non-University			
University	800	14	12
Total	5,582	100	100

Note 1: The estimated absolute numbers in this table were constructed by applying the incidence rates for each category reported in O.L.C. Annual Report 1978-79 to the Ontario population distribution in the 1981 census.

Note 2: The totals under Income and Education in Tables 1, 2 and 3 differ because everyone over age 15 is included in Education while only those over fifteen with income are included in the Income total.

in lotteries where tickets are more expensive the trend for people with low education to buy the most lottery tickets continues.

During the life of the federal lottery, Lotto Canada tickets cost \$10. Lotto Canada research shows that their \$10 ticket was just too expensive, particularly for some low-income respondents (Ultra, Nov. 1977). Nevertheless 25% of Lotto Canada tickets were bought by players with incomes of under \$10,000. Most revealing, however, was the fact that 84% of Lotto Canada players had high school education or less (Lotto Canada, Gallup Omnibus Study, May, 1978) [3]. The same trends are obvious in I.P.L.C.'s Super Loto (\$10) and Provincial (\$5) games. It would seem that the hope offered by the lottery is enticing to the less well educated and some low-income people regardless of the price of a ticket. It has long been recognized, however, particularly for those who are relatively deprived economically, that the lure of the lottery is greatest where ticket prices are low and prizes are large. Legalized numbers games have both of these characteristics and the "loto mania" all over Canada surrounding Lotto 6/49 speaks to their popularity.

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5. Canadians with incomes of less than \$10,000 were underrepresented among Loto Canada players, making up 49% of the population but only 25% of lottery players. A \$10 ticket was apparently too expensive for some of these low-income Canadians as they reported in in-depth interviews (Ultra, Nov. 1977). Players with a high school education or less, however, were overrepresented among Loto Canada players, making up 84% of players and only 64% of the Canadian population. It would seem that lack of education, even for more expensive lottery tickets, renders people more susceptible to exploitation through lotteries.

Kallick et al., in their study of gambling in the United States, (1979) recognized the state revenue potential of legalizing numbers games, as well as their social consequences. Based on their analysis of illegal numbers games, and the first two months of a legalized numbers game in New Jersey, they predicted greatly increased participation would occur in legalized numbers games (1979: 121). They point out that illegal numbers is an urban game, partly because of their illegal status which required an elaborate labour-intensive network of writers, runners and others, whose employment is economical only where population is concentrated. In addition the game depends on word-of-mouth information in place of mass advertising (1979: 120). Legal numbers, Kallick et al. observe, can be mechanized and produced cheaply even in rural areas and can be advertized in the same way as lotteries. Moreover, their analysis of illegal numbers suggests that the average numbers bet can be expected to be considerably higher than that expected for the lottery because numbers is a "more absorbing game" and "more akin to betting on horses than to buying a lottery ticket" (1979: 121-2). Legalized numbers games, they predicted, would place an even heavier burden on lower-income groups than lotteries. Forty-six percent of numbers players in their study said they played "to make money". Others players said that it was "something to look forward to" or that it was exciting (1979: 45) [6]. They found that there was a

6. The results of approximately 50 informal interviews carried out at O.L.C. ticket outlets for this study tend to support this claim that people play legalized numbers primarily for the big money prize.

tendency for participation to decline with education beyond high school. The percentage of family income spent on numbers betting declined steadily as income increased after those with incomes of less than \$5,000 (1979: 338). The exploitive nature of numbers games is well documented in this American study and the evidence on state-operated numbers games in Canada tends to support its findings.

In October 1978, Loto-Quebec introduced the first computerized numbers game in Canada, Loto 6/36. Two thousand computer terminals across the province automatically and immediately dispensed tickets to players and registered their chosen numbers with Loto-Quebec (Loto-Quebec, Dix Ans Deja..., 1980/ 24). By 1981, Loto-Quebec had eight games, three numbers games, two drawn weekly and one daily, and 26% of ticket sales came from one of their numbers games, Loto 6/36 alone (Annual Report, 1980-81: 12). In November of 1978 O.L.C. started a provincial numbers game, Lotterio, and in 1982 I.P.L.C. introduced numbers to all regions of Canada with Lotto 6/49. In 1984, the two numbers games sold in Ontario, Lotterio and Lotto 6/49, accounted for 65% of O.L.C. ticket sales (O.L.C., Annual Report, 1983-84: 18). Obviously, many lottery players preferred the numbers games. In contrast to 1979 (Table 1) in 1984 (Table 2) O.L.C. no longer reported the educational and income characteristics of players of each of its games. Players of all five games were lumped together and therefore the particular characteristics of numbers game players are concealed.

Table 2

Estimated Distribution of O.L.C. Players by Income and Education (1984)

	Estimated OLC Players in Absolute Numbers (000) [1]	% of Players	% of Ontario Population
<u>Income</u>			
Less than 15,000	2,953	63	64
15,000-24,999	1,098	23	23
25,000+	648	14	13
Total	4,699	100	100
<u>Education</u>			
Elementary/High School	3,715	65	64
Other Non-University	1,090	19	19
University	894	16	17
Total	5,699	100	100

Note: The estimated absolute numbers in this table are constructed by applying the incidence rates for each category reported in the O.L. Annual Report, 1983-84 to the Ontario population distribution in the 1981 census.

The distribution of players in all O.L.C. games, including numbers games, by income and education in 1984 (Table 2) is very similar to that of Ontario players in 1979 (Table 1). Those players with incomes of less than \$15,000 and high school education or less bought nearly two-thirds of the lottery tickets. In absolute numbers, nearly 3 million players had a high school education or less. Lumping higher priced games (Super Loto \$10 and Provincial \$5) with modest prizes together with numbers games (Table 2) underestimates the strength of the relationship between economic need, as measured by low income,

and playing the numbers games [7]. Perhaps such trends are seen by lottery corporations as potentially damaging to the public image of their lotteries. Except for O.L.C. and Lotto Canada, Canadian lottery corporations have, at least in their Annual Reports, avoided the issue of who plays their games by simply not reporting on the income and educational characteristics of their players.

Changes in the presentation of O.L.C. data coincided with an onslaught of criticism in the press of the "aggressive" nature of lottery corporation advertising and the perception by some lottery observers, including retailers, that the working class, unemployment, aged and low-income people were the typical lottery players (Montreal Gazette, June 9, 1979; Financial Post Magazine, March, 1981; Ottawa Citizen, June 17, 1981). Thus where the income and educational characteristics of lottery players are made public the categories are muddled and the manner of interpretation varies mystifying the real trends in O.L.C. data. O.L.C. data are used in this study in spite of these limitations because they are regularly collected on a much larger scale than the author's time and resources permit. In any

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7. Reporting income and educational characteristics for all O.L.C. game players, rather than for individual games was only one of the changes made in the presentation of O.L.C. data which tends to obscure the impact of numbers games and trends in lottery playing over time. The income and educational categories used were fluid, some were deleted and some were added, as a comparison between Table 1 and Table 2 shows. In O.L.C.'s own presentation of their data, in their Annual Reports, reversals in the manner of calculating the percentage of lottery players in particular income and educational categories also makes trends difficult to discern.

case, when considered within the context of the distribution of income and education in Ontario society, these data on O.L.C.) players support the argument made in this thesis that relatively disadvantaged groups and classes buy most of the lottery tickets and their lottery purchases represent a larger percentage of their low incomes. The addition of numbers games to Canadian lottery corporation game structures has intensified this process whereby those at the lower end of the socio-economic hierarchy in Canadian society contribute the greater proportion of state lottery revenues.

The compelling nature of numbers games in particular is reflected in increased lottery participation rates, the increased sale of tickets and an increase in the size of lottery expenditures by individuals after their introduction. In 1979, for example, O.L.C. reported a participation rate of 86.7% of Ontario households for Wintario and 65.4% for the Provincial. This gives an overall participation rate of 76.0% for O.L.C. games in 1979, prior to the introduction of numbers games (O.L.C. Annual Report, 1978-79). In 1984, when O.L.C. was selling two numbers games (Lottario and Lotto 6/49) they reported an overall participation rate for all their games of 85.3%. Participation had increased by approximately 9% in this period characterized by the introduction and development of numbers games. The increase in the actual number of tickets sold between 1979 and 1984 confirms the trend for people to buy more lottery tickets after the introduction of numbers games.

In 1979 O.L.C. sold 150 million \$1 tickets and 17 million \$5

tickets for a total of 167 million tickets (Annual Report, 1978-79). In 1984, O.L.C. sold 560 million lottery tickets, not including several million tickets for special Instant lotteries, over three times as many tickets as for 1979 (Annual Report, 1983-84). Of these 560 million tickets sold, 63% of them were for the numbers games, Lottario and Lotto 6/49. Only about 3% of the tickets sold were for the lotteries with \$5 (Provincial) and \$10 (Super Loto) tickets. Wintario still accounted for 33% of the tickets sold by O.L.C. One can only speculate concerning the longstanding success of Wintario which is no doubt partly due to its \$1 ticket price. Wintario offers a top prize of only \$200,000 (in 1984) as compared to at least a million dollars in the numbers games for the same price. The most striking difference between Wintario and other O.L.C. games is that weekly draws are made on a live television show which travels to communities throughout the province. Thus, O.L.C. argues that Wintario brings "fun and excitement" to these communities and boasted of a television audience of half a million people in 1981 (Annual Report, 1980-81). Wintario's success, relative to other lotteries of the more traditional type, seems to be due to the entertainment value associated with its televised draws. It must be added that in this process the perception that, "With Wintario we all win" (O.L.C., Annual Reports, 1975-84) is very effectively inculcated. Given this effective promotion of Wintario and the addition of the numbers games ticket sales in Ontario tripled between 1979 and 1984. Participation rates, on the other hand, increased by only 9% which means that the amount

spent by individual lottery players must have increased.

In 1979 O.L.C. reported that 92% of Wintario players spent \$5 or less, and only 5% spent \$10 or more (Annual Report, 1978-79). By 1983 approximately 59% of O.L.C. game players spent \$5 or less and 25% spent \$10 or more (Annual Report, 1983-84). The number of players spending \$5 or less had declined by 33% and the number of players spending \$10 or more increased fivefold. The conclusion that state lotteries and numbers games were becoming increasingly compelling on their players seems inescapable. As Table 3 demonstrates the majority of those players making higher lottery expenditures came from the lower income and educational levels of society.

Table 3

O.L.C. Players Spending \$10 or More by Income and Education (1984)

	Estimated O.L.C. Players in Absolute Numbers (000) [1]	% Spending \$10 or More	% of Ontario Population
Income			
Less than \$15,000	2,953	62	64
\$15,000-24,999	1,098	26	23
25,000+	648	12	13
Total	4,699	100	100
Education			
Elementary/High School	3,715	65	64
Other Non-University	1,090	19	19
University	894	16	17
Total	5,699	100	100

Note 1: The estimated absolute numbers in this table were constructed, as in Table 2, by applying the incidence rates for each category reported in the O.L.C. Annual Report, 1983-84 to the Ontario Population distribution in the 1981 census.

While only 12% of O.L.C. players spending \$10 or more had incomes of over \$24,000, 62% of players spending that much on lottery tickets had incomes of less than \$15,000. In absolute numbers nearly 3 million O.L.C. players with low income (less than \$15,000) spent more than \$10 as compared to 648 thousand players with incomes of more than \$25,000. Similarly, 65% of players spending \$10 or more on tickets had a high school education or less as compared to 16% of players from the highest educational level. These data clearly show that state lotteries exploit low income, low education people in Ontario. While the income and educational levels of players in other regions of Canada are not available there is no reason to suspect that they would differ significantly from these findings on Ontario players.

Lottery corporation profits and ticket sales have increased dramatically in all regions of Canada during the period which they have existed. Lotto 6/49, the I.P.L.C.'s numbers game accounts for the largest percentage of ticket sales in all regions of Canada. The highest state lottery profits are realized in Quebec. This is in part due to the more highly developed structure of lotteries in that province. Loto-Quebec has a larger variety of games including three different numbers games in addition to Lotto 6/49. O.L.C. comes second to Loto Quebec in terms of the complexity of their game structure and the size of profits generated. W.C.L.F. and A.L.C. have less complex game structures and lower profits. W.C.L.F. profits are much higher than A.L.C. profits but smaller than profits in

Ontario and Quebec. To a large extent lower lottery profits, in Atlantic Canada for example, may not be so much an indication that lotteries there are less exploitive of the population but rather that there are less people to exploit. State lotteries in Ontario, in their most salient characteristics, seem to fall in the middle between the extreme cases of Quebec and Atlantic Canada. W.C.L.F. is more similar to A.L.C. For this reason state lotteries in Ontario, both in terms of who plays and who benefits are probably the most representative case of Canadian state lotteries.

The history of lotteries, as well as the evidence on Canadian lotteries presented here, suggests that relatively disadvantaged classes and groups in society buy the majority of state lottery tickets. This is so we suspect because lotteries, and numbers games in particular, provide the hope of winning money, ultimately in very large amounts. This hope, perhaps distracts the lottery player, at least temporarily, from feelings of frustration and dissatisfaction with the quality of everyday life and conjures up dreams of prosperity through winning in the lottery. Given that these games are not only legal in Canada but widely available and aggressively promoted, the members of society are continually made aware of the hope which lotteries provide. Research, based on polls and in-depth interviews, on why Canadians do or do not buy lottery tickets, indicate that purchasers usually buy a ticket in the hope of winning money (Loto Canada, Gallup Omnibus Study, May, 1978; Loto Canada, Prices and Politics, April, 1978) (Appendix III).

Players interviewed in a small sample for this study said they saw the numbers games as the best "hope" of winning "big money". The relationship between relative economic need and lottery playing is even clearer when lotteries are viewed as a form of taxation.

Lottery Payers: Lotteries as Regressive Taxation

Any financial contribution levied on people, property or business for the support of government can be regarded as a tax. State lotteries have often been viewed as a "voluntary" tax meaning that the tax is not levied directly on people or their property but on commodities and/or services. Such a tax is presumed to be voluntary in the sense that people can choose whether or not to purchase the taxed item. Where the item (the lottery) in question is promoted through advertising and promises the material prosperity which most people only dream about, the voluntary aspect of the tax is not so clear cut. As discussed in Chapter 4, the pervasive and highly promoted structure of state lotteries imposes itself on individuals in a very compelling way. The income and educational level of lottery players indicates that the economically and socially disadvantaged buy the largest proportion of the lottery tickets. This trend is also manifest in the fact that lotteries are a regressive tax.

A regressive tax is one in which lower income people pay a

larger proportion of their income in the tax than do higher income people. Lotteries and numbers games have long been recognized as regressive forms of taxation. At least three studies in the United States (Brinner and Clotfelter, 1975; Suits, 1977; Kallick et al., 1979) measured the regressivity of legalized gambling. Table 4 is drawn from Brinner and Clotfelter's work, who analyse data on the average outlay per family on lottery tickets by income class.

Table 4

Survey Evidence on Lottery Expenditures in Selected
States in the United States

Annual Income	<u>Estimated 1973 Expenditure per Family per Year</u>					
	Absolute Expenditure			As Percent of Income		
	Ct.	Ma.	Pa.	Ct.	Ma.	Pa.
(1) \$0 - 5,000	\$22	\$28	\$21	.55%	.70%	.53%
(2) 5,000-10,000	33	35	35	.41%	.44%	.44%
(3) 10,000-15,000	43	39	36	.37%	.33%	.30%
(4) 15,000-25,000	34	27	30	.17%	.14%	.15%
(5) 25,000 or more	21	17	16	.06%	.05%	.04%
Sample Average	\$34	\$35	\$31	-	-	-

Source: R.E. Brinner and C.T. Clotfelter, "An Economic Appraisal of State Lotteries", National Tax Journal, Vol. 28, No. 4, 1975, Table 3: 400.

Brinner and Clotfelter's data are drawn from a survey sample of Massachusetts and Connecticut and from census tracts. They

also include information on Pennsylvania lotteries, which was gathered in a survey of income and ticket purchase by Spiro (1974) on a sample of winners. They point out that families in the \$10,000 to \$15,000 range show the largest absolute expenditure on lottery tickets "spending as much as twice the annual expenditure at either end of the income pattern" (1975: 399). Furthermore, in the columns which express lottery expenditure as a percentage of income, we see that as family income declines the percentages of income spent on lotteries increases. The lottery purchases of Canadians similarly represent a significantly greater proportion of lower incomes than higher incomes.

The truly regressive nature of Canadian lotteries is revealed in the fact that, for those in the lower income classes, their purchases represent a greater proportion of their income (Table 5). The average lottery purchase in 1978, for example, represented .35% of incomes between \$30,000 and \$35,000 and approximately .45% of incomes between \$16,000 and \$30,000. For the under \$16,000 income class, on the other hand, these purchases represented from .63% to .80% of their low incomes. For the 10% of families with incomes of less than \$6,000 their lottery purchases accounted for at least .72% of income. The relationship between economic need and the hope provided by lotteries is very clear for those with incomes less than \$16,000. In 1977 the poverty line for a family of four was about \$9,000 (Statistics Canada, 1980b: 101). Approximately 20% of families had incomes below the poverty line (Table 5) and,

Table 5

Expenditure on Lottery and Raffle Tickets by Family Income in Canada, 1978, (All Families and Unattended Individuals)

Income Class	All Classes	Under \$6,000	\$6,000 -7,999	\$8,000 -11,999	\$12,000 -15,999	\$16,000 -19,999	\$20,000 -24,999	\$25,000 -29,999	\$30,000 -34,999	\$35,000 & Over
% of Families in Class	100.0	10.3	7.5	11.8	13.9	14.5	15.0	11.0	6.5	9.5
Purchase as % of Income**	7	.72	.80	.74	.63	.46	.45	.41	.35	--

**Percentages in this category were calculated using the mid-point of the income range for the class except for the income class 'under \$6,000' where \$5,999 was used.

Source: Calculations based on data presented in Family Expenditure in Canada, Vol. 3, Statistics Canada, 1978: 2-8, 72-73.

over half of them reported buying lottery tickets (Statistics Canada, 1982b: 72). While the amount and percentage of income wagered are indicators of the regressive nature of lotteries, the real cost of gambling to any group, according to Kallick et al. (1979: 104), is not the amount wagered but the number of dollars taken out and retained by game operators (take-out rate), in this case by lottery corporations as profits.

The take-out or net loss is the same for all income groups but Kallick et al. found that low-income bettors tend to favour high take-out games, such as lotteries and numbers games. As a result, the gambling costs of low-income bettors are higher than for high-income bettors. Kallick et al. show that the take-out rate for legal lotteries (net profits) is 55% of the amount bet by people and 54% for illegal numbers (1979: 105). The take-out rate for other forms of both legal and illegal gambling in the United States is much lower with an average take-out of 19.6% for all legal and illegal games combined (Kallick et al., 1979: 12). This American study points out the interesting fact that the more regressive types of gambling are uniformly those with high take-out rates (i.e., the most profitable for the operators). They state:

The low income bettor, it would appear, is given to ventures with high potential winnings offered under grossly unfair odds. The high income player is more given to getting the best action for his money by playing games with low potential winnings and somewhat better odds (Kallick et al., 1979: 112).

We observed the general tendency of lower income Canadians to spend a greater proportion of their income on state

lotteries. In 1978, the preference of low-income people in Ontario for O.L.C.'s higher take-out game, Wintario, was clear. O.L.C. reported take-out rates for its two traditional lotteries at that time of 45% for Wintario and 36.5 for the Provincial. Approximately 77% of those participants with incomes under \$10,000 bought Wintario, while 53% bought the Provincial (O.L.C., Annual Report, 1977-78: 16-18). The fact that the numbers games in Ontario have the characteristics of more regressive forms of gambling, as described by Kallick et al., is demonstrated in Table 6.

Lotto 6/49, the numbers game which caused loto-mania on an unexpected scale in 1984, has the highest take-out rate of all O.L.C. games at 42%, offers the largest jackpot prize (\$14 million on one occasion), gives by far the worst odds and yet sold 158 million tickets in 1984 (Table 6). Lottario, Ontario's own number games, has the second highest take-out rate (37%), offers better but still long odds on the second highest top prize and sold the most tickets (approximately 200 million) in 1984. Compared to 1978, the take-out rates for the Provincial and Wintario had decreased, quite dramatically for the latter, by 1984, reflecting the trend for more traditional lotteries to become less profitable over time. In 1978, approximately 15 million Provincial tickets were sold and about 164 million Wintario tickets (O.L.C., Annual Report, 1977-78: 15).

Notwithstanding the many ingenious changes in the structure of these lotteries, as documented in Chapter 4, ticket sales for Wintario remained more or less constant and declined for the

Table 6

O.L.C. Games in 1984

Game	Take-out* (\$)	Top Prize (\$)	Odds in Top Prize	Ticket Price (\$)	No. of Tickets Sold (Approximate)
Wintario	21.7	200,000	1 in 4 million	1	184 million
Lottario	37	1-3 million	1 in 3.2 million (approximate)	1	201 million
Provincial	30	500,000	1 in 1 million	5	10 million
Super Loto	29	1 million	1 in 500,000	10	5 million
Lotto 6/49	42	1-14 million	1 in 14 million	1	158 million

*Take-out rates are net profits as a percentage of gross sales.

Source: Information in this table is based on O.L.C. Annual Reports, 1983-84: 15 and O.L.C. Game Fact Sheets, 1984.

Provincial. The history of Super Loto, the other traditional lottery, was similar. The great popularity of numbers games is primarily accounted for by their very large jackpot prizes. As players say, they play for the big money. As we have already seen, these games increased the volume of lottery ticket sales tremendously. As previously discussed, the less well educated, a characteristic which tends to coincide with low-income, were highly represented among the big spenders (i.e., those buying more than \$10). Legal numbers games are the most widely participated in form of state-operated gambling in Canada. If one accepts that low-income people prefer high take-out games, a fact well supported in the history of gambling, then state-run numbers games are highly regressive taxation. The degree of regressiveness or progressiveness of various types of gambling can be demonstrated using the Lorenz Curve.

Accumulated percentages of income are plotted on the horizontal axis and the corresponding accumulated percentage of contribution to gambling (take-out rate) is plotted vertically. If each group contributes to the take-out exactly in proportion to its share of total income, the relationship between income and contribution to gambling would correspond to the straight diagonal line. The fact that low income families make a disproportional contribution to lotteries is shown by the fact that the points representing the lottery did not follow the diagonal line, but lay on the bow that arches above it. The less regressive any type of gambling is, the closer its curve approaches the diagonal. The more regressive the type of

gambling, the greater the area under the bow.

Figure 1 indicates that lotteries and numbers games are the most regressive forms of gambling in the United States except sports cards. Numbers, as represented in Figure 1, refers to the illegal American game. An advertised computerized legal numbers game could be expected to be even more regressive, according to Kallick et al., 1979. Legalized off-track betting in New York and sports books were shown to be potentially less regressive while casinos were progressive (i.e., contributions to gambling taxes of high income people were higher as a proportion of their income than for low-income people). Suit argues, however, that these are only apparent exceptions to the tendency to greater regressivity of gambling taxes. Suit found that for Nevada residents casinos were also highly regressive and that their progressiveness for Americans in general was associated with "the high cost of travel to the action" (1977: 34). Should they become more widespread and readily accessible, he predicts, they would become increasingly regressive. Casinos for charitable purposes in Canada can be expected to be similarly more regressive as they become more prevalent. Similarly, it was found that, in the atmosphere of Nevada, betting with sports bookmakers, progressive for United States residents elsewhere, became a highly regressive source of revenue. In other words, widely available forms of legalized gambling tend to be more regressive. Suit finds lotteries and numbers to be two or three times more regressive than sales taxes. State lotteries, as they now exist in Canada, are

Figure 1

Graphical Representation of Distribution of Selected
Gambling Taxes in the United States

Source: Suita, Daniel B., "Gambling Taxes: Regressivity and Revenue Potential", National Tax Journal, 1977, Vol. 30, No. 1, p. 26.

3 OF 4 DE 3

MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS,
STANDARD REFERENCE MATERIAL 1010a
(ANSI and ISO TEST CHART No. 2)

available and promoted on an unprecedented scale, as compared to earlier forms of legalized gambling. Numbers games account for the largest percentage of profits from state-sponsored gambling in Canada. The revenue incidence of these games was found to be more regressive than traditional lotteries in the United States (Clotfelter, 197: 547) and the evidence on Canadian lotteries presented here seems congruent with these findings. The conclusion is that lotteries and numbers games are, in their consequences, a highly inequitable source of revenue. An analysis based on lottery winners can be expected to produce similar results.

Lottery Winners

If it is assumed that winning in the lottery is a truly random process (i.e., that the game is honest), everybody who buys a lottery ticket would have an equal chance of winning with that ticket. Winners, therefore, are a fairly representative sample of lottery players*. Brinner and Clotfelter's work in the United States suggests that the income and ticket purchases of lottery winners also indicate that they are a regressive tax (1975). Research on the income and lottery expenditure of winners has not been done in Canada but the results of research by O.L.C. on its winners, related to its public relations concerns, are congruent with previous findings.

O.L.C. asked winners about the treatment they received from

* Except that multiple ticket purchasers obviously have a greater chance of becoming a winner.

their prize office, the media and donation seekers apparently attempting to dispel rumours that winning could be a hassle. They also asked people how they spent their winnings. O.L.C. reports that usually winners went "back to work, investing their winnings for future security" (O.L.C., News Release, April 2, 1984). This statement is based on the observation that most winners did not quit their jobs and reported that they put their money in the bank, bought a new home or paid off an existing mortgage, shared their winnings with others, bought a car and/or took a vacation. These generalizations are based on all winners, however, and, given the very large percentage of small winners as compared to big winners, they do not apply so well to top prize winners. While all prize winners tend to spend their winnings in much the same way, big winners (i.e., over \$500,000) are much more likely to quit their jobs. While O.L.C. reports that only 4.5% of prize winners gave up their jobs, 21% of those winning a top prize did so. Only .8% of those winning less than \$100,000 gave up their jobs (O.L.C., Winners' Research Summary, Sept, 28, 1984). This is a logical course of events, in the light of our previous discussion on the characteristics of lottery players because, for those who do not already have some financial assets in addition to their work-related income, winnings of less than \$100,000 do not realistically afford the opportunity to quit work. The hope of winning money in sufficient quantities to make the choice of leaving a laborious and low-paying job a reality may however keep many people buying tickets, particularly in the numbers games. The publicity

surrounding big winners lends support to this view.

Two Italian immigrants, a brother and a sister, were typical Lotto 6/49 winners of \$4.1 million in 1984. The brother had been a hotel porter for 25 years with take-home pay, at the time of winning, of \$350 every two weeks. His sister and joint winner was a sewing machine operator making \$208 a week (Ottawa Citizen, March 28, 1984). Both reported that they quit their jobs after winning the Lotto 6/49 jackpot. Media reports on big winners indicate that they are most frequently relatively disadvantaged people. An ironworker (Ottawa Citizen, Jan. 29, 1985), welfare recipients (Globe and Mail, March 14, 1985; Toronto Star, June 6, 1982), a bus driver, sales clerk in a hardware store, hairdresser, the operator of a salvage business, a couple who lived on combined disability pensions of \$410 monthly (Toronto Star, Nov. 28, 1982) and a retired couple who received \$500 to \$600 monthly (Financial Post Magazine, Nov. 1, 1983) were among the winners of \$100,000 or more. Examples of winners who were already economically secure were few. The wife and daughter of a finance commissioner of an Ontario city was one of these rare examples. They won \$1 million in Super Loto, where the cost of a ticket was \$10 but the chances of winning were much better than in the numbers games (Financial Post Magazine, Nov. 1, 1983). These reports on big winners in the public press indicate that the majority of lottery winners, as well as players were relatively speaking socially and economically disadvantaged people. Given the demographic characteristics of players the regressive nature of lotteries as

a tax and the assumption that the games are honest, this outcome is predictable. The lure of the lottery, particularly the numbers games with their 'big money' jackpot, is most compelling on those least able to afford a lottery ticket.

Summary

The evidence offered in this chapter on the players, payers and winners of Canadian lotteries suggests that the hope of winning "big money" is most compelling on relatively disadvantaged Canadians. Income and education were taken as indicators of socio-economic position in society. The majority of players had a high school education or less and below average income. As a tax, lotteries are a highly regressive form of revenue.

Canadians at the lower income levels pay a larger percentage of their income in lottery tax than higher income people. Even though the odds against winning are astronomical, people play the computerized numbers games most. These games offer jackpot prizes in the millions for the price of a \$1 ticket. The cost of gambling, i.e., the take-out rate, to the player in the numbers games is even higher than for traditional lotteries. Nevertheless, lottery players, the majority of whom are from relatively disadvantaged classes and groups in society, play the numbers games most and typically report that they play for the "big money" prize. Numbers games have the effect of increasing the size of a player's expenditure on tickets indicating that they are a more exploitive form of gambling than more

traditional lotteries. Information on lottery winners from O.L.C. and media reports is congruent with the evidence on players and payers.

These consequences of lotteries indicate a relationship between economic need and its associated characteristics and playing the lotteries. Such findings lend support to the view that the 'chance ideology' as created and distributed by lottery corporations is perceived and acted upon by lottery players. But state lotteries are a form of government policy. A government policy which exploits those in economic need must be mystified if dominant class hegemony and the legitimacy of the state is to be maintained. Lottery policy must be justified and made to seem compatible with the 'liberal-democratic' image of the state. Justification of lotteries as appropriate government policy is mainly achieved through the distribution of lottery revenues and associated benefits.

CHAPTER 6

WHO BENEFITS FROM STATE LOTTERIES?

In societies where the history of state lotteries is longer than it is in Canada, we noted (Chapter 3) the tendency for governments, when facing difficult financial times, to introduce lotteries and to justify them in terms of the public causes funded with the revenues. The development of state lotteries in Canada followed a similar pattern. Statements by lottery opponents and supporters in the 1930's and 60's indicate that they viewed lotteries as a source of revenue, particularly for hardpressed provincial and municipal governments. R.M. Bird's study of government spending in Canada (1970: 15) points out that provincial and municipal expenditures were insignificant until the early 1900's when they took a dramatic climb upwards (Figure 1). Total government expenditures (for all levels), as a percentage of gross national product (G.N.P.), rose about fivefold between 1870 and 1967 (Bird, 1970: 29) [1]. Governments financed their expenditures through taxes and eventually through borrowing as expenditures grew more quickly than revenue (Gonick, 1978: 63). Originally, increased government expenditures were related to the accumulation function of the state, i.e., transportation,

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1. While the increase in absolute size of government expenditure, as a percentage of G.N.P., may not reflect the total picture, R.M. Bird found that, when increases in prices and population, as well as the increase in real income per capita, were taken into account an increase in government expenditure of the above magnitude existed.

FIGURE 1

CANADA: EXPENDITURE BY LEVEL OF GOVERNMENT, 1867-1965

Reproduced from R.M. Bird, *The Growth of Government Spending in Canada*, 1970, p. 15.

hydro-electric power and industrial subsidies (Figure 2). As Canadian capitalism further developed, however, a large proportion of increasing government expenditure was on social programs associated with the legitimization function. Some of these programs were necessary to reproduce the work force (unemployment insurance, education and health care) while others (old age security and welfare), as James O'Connor similarly observed for the United States, served to "pacify and control the surplus population" (1973: 7). With the economic depression of the 1930's and a constitutional division of powers which left the increasing burden of social reform to the provinces, there was increasing pressure on the federal government to share these responsibilities (Fowke, 1952).

The decade of the 1930's was dominated by the Depression, the devastating effects of which are well documented in the report of the Royal Commission on Dominion-Provincial Relations (Rowell-Sirois Commission, 1939). Millions of Canadians were unemployed and on the prairies drought destroyed farm income. These financially destitute Canadians turned to their municipalities for "relief". Local property taxes were the main source of income for the municipalities and therefore:

the same circumstances that caused the need for relief payments also caused much tax delinquency. The result was municipal bankruptcy or near bankruptcy. Provincial governments were guarantors of municipal bond indebtedness. As a result, the provinces had increasingly to assume responsibilities, including the relief responsibility from municipalities (Aratage, 1975: 215).

As Aratage further points out, some of the provinces, Saskatchewan in particular, also lacked sufficient income to

FIGURE 2

Canada: Total Government Expenditure By Function,
1939-1965

Source - The Growth Of Government Spending In Canada,
R.M. Bird, p.29.

support unemployment relief payments. The federal government's response to this provincial predicament was a series of short term ad hoc acts permitting federal funds to be used for relief of unemployment between 1930 and 1935. In addition the federal government established make-work projects, including "labour camps", as a solution to unemployment (Armitage, 1975: 215).

Finally, as a response to serious social unrest, the federal government acted to institutionalize its role in relation to unemployment. In 1935 hundreds of workers, beginning with those who walked out of the labour camps in British Columbia, began to march to Ottawa, picking up additional support on their "trek" to protest their intolerable condition (Abella, 1975: 18). The marchers were forcefully stopped by the Royal Canadian Mounted Police in Regina. These events, however, culminated in the introduction of the federal Unemployment Insurance Act in 1940. In addition to the problem of unemployment in the 1930's, there was a pressing need for social reforms in the areas of public health, education and social security. According to judicial interpretation of the British North America Act, these responsibilities lay with the provinces (Fowke, 1952: 251) and, for the reasons previously stated, their resources were inadequate to meet them. At this same time members of the House of Commons pressured the federal government to permit state lotteries for these same social purposes.

Between 1931 and 1938, three bills, advocating state lotteries for such purposes, were introduced in the House of

Commons and one bill was introduced in the Senate (Chapter 3). In 1931 a Senator from British Columbia introduced a bill to establish a lottery to finance hospitals (Senate Debates, 1931: 49). The Senator cited the great difficulties, being encountered by the municipal and provincial governments of British Columbia, in financing hospitals and health care in support of his bill. This Hospital Sweepstakes Bill was passed in the Senate in 1933 but was rejected by the House of Commons. In 1934 a member of the House of Commons from Quebec, lamenting the shortage of funds for educational and charitable purposes in that province, also introduced a lottery bill (House of Commons Debates, 1934, Vol. III: 317). Introducers of other lottery bills at this time, similarly justified their demands by referring to the pressing need for revenue to finance social security measures for the aged, veterans and others. Discussions in the House of Commons around lottery bills revealed that state lottery advocates were aware of the historical relationship between lotteries and the funding of projects defined as charitable or "good public causes". The federal government did not see fit, at this time, to amend the Criminal Code to permit lotteries. It was not until 1953 that, in response to two more bills relating to state lotteries, the federal government appointed a joint committee of both Houses of Parliament to study the feasibility of amendments to the Criminal Code on a number of issues including lotteries (House of Commons Debates, 1953-54, Vol. I: 951). Having heard presentations from diverse sectors of society on both sides of

the lottery debate, the Joint Committee recommended, in 1936, against state lotteries (Joint Committee Report, 1936: 68-69). This committee's report did not, however, deter municipal and provincial lottery advocates and a new wave of lottery proposals, beginning in 1959 and continuing through the 1960's began.

This second set of demands for state lotteries from the provinces and municipalities came during the period of most rapid growth in the Canadian "welfare state". It was in the 1960's that developments in the welfare state begun in the 1940's [2] were completed (Armitage, 1973: 217-218). The federal Canada Pension Plan and a similar provincial plan in Quebec, covering retirement, disability and widowhood were introduced in 1966. The Guaranteed Income Supplement Program for the low-income elderly (1966) and the Canada Assistance Program (1966), in which federal and provincial governments shared the costs of social welfare programs, was begun.

Stevenson observes that expenditures by the provinces increased enormously in the 1950's and 1960's so that by 1971 they were ten times as great as they had been in the 1950's. While most of the growth in state expenditure was still due to functions associated with the growth of capital accumulation,

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2. Welfare state programs introduced in the 1940's included the National Housing Act (1944), Family Allowances (1945) and some provincial health insurance acts including an act in Saskatchewan in 1947 and in British Columbia in 1949. Growth in welfare state institutions during the 1950's took the form of incremental extensions to existing programs (Armitage, 1973: 217).

Stevenson states that, especially in the late sixties, health and welfare spending and "above all education" contributed substantially to this increase (197: 84). These findings lend support to Gonick's view that "In the years following the Second World War ruling circles were forced to concede a social wage to ensure some semblance of social harmony" (1978: 65).

As the fiscal burden of providing the "social wage" increased, the issue of responsibility between federal and provincial governments was re-opened in a series of federal-provincial conferences during the 1960's but remained unresolved in the 1970's. At this same time, municipal and provincial governments continued to pressure the federal government for an amendment to the Criminal Code permitting state lotteries. Eleven bills relating to state lotteries were introduced in the House of Commons between 1959 and 1963. These lottery demands were all justified in terms of the need to finance housing, health, education, old age pensions, family allowances and other social programs (Chapter 3). Given the greater involvement of the federal government in social programs, their financial burden was, by the late 1960's, falling more directly on the national government. The appointment of a Special Senate Committee on Poverty in 1968 indicated an awareness at the federal level that existing social programs were perhaps inadequate and that social spending would not increase in the future. This situation may have rendered the federal government more amenable to lottery proposals in the late 1960's. It was doubtlessly clear

to the federal government by 1967 that it was easier for them to amend the Criminal Code to permit the provinces to introduce a lottery tax than it was to agree with them on an amendment to the Constitution. An additional advantage of state lotteries, from the federal perspective, was that once they were legal the national government could also establish lotteries to relieve their expanding revenue needs. The fiscal problems experienced at the various levels of the state formed a significant part of the historically specific social, political and economic conditions under which Canadian state lotteries were introduced.

Other elements of this historical conjuncture in which Canadian state lotteries were introduced included state operated or regulated gambling in virtually every other developed society. The observation that state lotteries were reintroduced in some of the American states, beginning in 1964, and the purported widespread existence of illegal lotteries in Canada was, we have seen, often cited in support of the introduction of state lotteries. Lottery advocates pointed to the illegal sale of Irish Sweepstakes tickets in Canada. The existence of car raffles and commercial lotteries which were illegal, according to the limitations of existing provisions in the Criminal Code, was also noted. Some police agents argued that the extent of these illegal lotteries made a farce of the law and that existing provisions in the Criminal Code, with respect to lotteries, were impossible to enforce. A perceived liberalization of public attitudes toward gambling was also

reported as part of this environment in which state lotteries were finally introduced. Because lotteries and gambling were regulated by the Criminal Code, legalization of lotteries required federal action. Under the conditions previously described the federal government decided to amend the Criminal Code to permit state lotteries in 1967. Between 1970 and 1976 all the provinces and the federal government leaped into the field in no particularly significant order. As with their historical predecessors, even in pre-capitalist societies, Canadian governments in search of revenues in difficult economic times turned to lotteries as an unobtrusive tax in the 1970's.

Table 1 suggests that the fiscal crisis of the state (i.e., the tendency of expenditures to outrun revenues) was real in Canada in the 1970-76 period. Total consolidated revenue, which took into account the financial position of all levels of government, exceeded total consolidated government expenditure by \$690 million in 1970. Expenditure exceeded revenue by \$907 million in 1971. There was an upward fluctuation in revenues in the 1972-74 period, exceeding expenditure by \$762 million in 1974, but, in 1975, expenditure was \$5,319 million greater than revenue and the picture was relatively unchanged in 1976. The tendency to finance expenditure out of government borrowing increased, particularly after 1974 (Gonick, 1978: 170), and cumulative government deficits, rather than surpluses, became the norm in government budgeting in the late 1970's. The federal government and all the provinces got into the lottery

Table 1

Consolidated Government Revenue and Expenditure, After Elimination of Intergovernmental Transfers, 1970-72
and 1974-76 (million dollars)*

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Total Consolidated Government Revenue	32,174.2	35,420.2	40,591.0	60,060.3	66,291.0	75,856.
Total Consolidated Government Expenditure	31,483.6	36,327.2	41,008.6	59,298.2	71,810.5	80,889
Consolidated government revenue less consolidated government expenditure	+690.6	-907.0	-417.6	+762.1	-5,519.5	-5,033.

*This consolidated process integrates the separate levels of government to reveal the fiscal framework of the public sector as a whole, eliminating the numerous intergovernmental transactions.

Source: Canada Year Book, 1978-79, Statistics Canada, Ottawa, 1978, p. 817

business between 1970 and 1976 but, as skeptics predicted and lottery advocates doubtlessly realized, lottery revenues were insufficient to ameliorate the crisis in state revenue.

The limited revenue potential of state lotteries has long been recognized. In other societies where they have been introduced they tended to account for only a small percentage of total state revenues. The American Task Force in 1973 predicted that, even if the state could capture every cent of illegal gambling revenues in that country, revenues would be enriched by only 1.3% of their current level. This is because of the high costs, related to prizes and administration, involved in operating a lottery. Canadian lottery profits in 1976, accounted for 40-45% of gross lottery revenues, with prizes accounting for 40-50% and administrative costs (including advertising and retailer and distributor commissions) taking 15-20% (Johnson, 1976: 649-650). At that rate, Johnson predicted that lotteries in Canada were likely to generate less than 1% of government revenues, although he advised that lottery profits could be increased through a larger volume of sales (1976: 649-650). The volume of sales for state lottery tickets has greatly increased since 1976 and the amounts of revenue actually produced are discussed in the next section of this chapter.

How Much Revenue Do Lotteries Generate?

State lottery profits in Canada, as a proportion of state revenue, did exceed Johnson's expectations. Through the creation and development of a prize and game structure typically associated with more exploitive types of gambling (Chapter 4), lottery corporations greatly increased ticket sales. Table 2 shows the net profits of regional lottery corporations as compared to general revenue. Total profits of existing lottery corporations were in excess of \$252 million in 1980. This figure represented approximately 3.5% of total provincial-local consolidated revenue, which was about \$68.8 billion in 1979-80. In the Western and Atlantic provinces joint lottery profits were around 2% of total revenue but lottery profits in Ontario were over 4% of revenues and exceeded 5% in Quebec. The greater profits in Ontario and Quebec probably reflected the existence of computerized numbers lotteries in these provinces (O.L.C., Annual Report, 1979-80; Loto-Quebec, Annual Report, 1979-80). These games proved to be more profitable than traditional lotteries, for reasons discussed in Chapter 4. In Ontario, for example, profits from traditional lotteries had declined from approximately 43% of O.L.C. profits in 1976 (O.L.C., Annual Report, 1975-76) to between 21% and 30% by 1984 (O.L.C., Annual Report, 1983-84). As we observed in Chapter 4, however, by 1984 Ontario's two numbers games sold the largest proportion of tickets and produced 37% to 42% of total O.L.C. profits. The introduction in 1982, of Lotto 6/49, the I.L.L.C. numbers game

Table 2

Net Profits of Regional Lottery Corporations (1980) As
 Compared to Total Provincial-Local Level Consolidated
 Revenue* (1979-80)

Lottery Corporation	Net Lottery Profits (\$ millions)	Province(s)	Revenue (\$ billions)	Lottery Profits as a % of Revenue
Loto Quebec	101,495	Quebec	18,356,791	5.5
Ontario Lottery Corporation	92,844	Ontario	21,140,616	4
Western Canada Lottery Foundation	46,797	Man., Sask., B.C., Yukon N.W.T.	23,998,743	2
Atlantic Lottery Corporation	10,916	Nfld., P.E.I., N.S., N.B.	5,332,865	2
Total Profits	252,053	Total Revenue	68,829,015	3.5

*Consolidated Provincial-Local Consolidated Revenue takes intergovernmental transactions between these two levels of government into account.

Source: Lottery Profits - 1979-80 Annual Reports of Loto-Quebec, OLC, WCLF and ALC.
 Provincial-Local Level Consolidated Revenue - Statistics Canada, Consolidated Government Finance, 1982(a): 30-31.

sold in all regions of Canada, increased lottery profits everywhere.

Table 2 does not show the \$24 million paid to the federal government by the provinces as their share of the profits [3]. When this amount is included state revenues for all levels of government from lotteries exceeded \$276 million in 1979-80, an amount which was less than 1% of total consolidated government revenues (i.e., federal, provincial and local government revenues) which were \$105 billion (Statistics Canada, 1982a: 18) in that year. The \$24 million in lottery profits paid to the federal government as revenue by the provinces was a small amount when compared to the revenues that the federal government could have realized if it had operated its own lotteries. Two years earlier, in 1978, Lotto Canada, the federal lottery corporation, showed over \$203 million in profits and paid only 12.5% of those profits to the provinces, in proportion to the number of Lotto Canada tickets sold in each province (Lotto Canada, Annual Report, 1977-78). (By 1980, the monopoly in lotteries enjoyed by the provinces and the highly exploitive nature of the games was reflected in unpredictably high profits for the provinces of between 2% and 5%. It was not surprising that in 1984 the federal government

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3. The Interprovincial Lottery Corporation agreed to make quarterly payments of \$6 million (in 1979 dollars) commencing Jan. 1, 1980, to the federal government in return for their conceding to withdraw from the lottery field. This amount had already been deducted as an expense to the regional corporations in the figures in Table 2 (W.C.L.F., Annual Report, 1980-81).

tried to recapture a larger share of these profits by establishing a sports pool.

If state lotteries are regarded as a tax, it has been argued that, compared to other taxes, the administrative costs associated with them are much higher (i.e., 15-20% of revenues for lotteries and 2-3% for other taxes, according to Johnson, 1976). Contrarily, looked at as a commercial venture, it is difficult to provide examples of other businesses with profits as high as 42%. The importance placed on lotteries by governments, however, do not seem to be totally explained in terms of the amounts of revenue alone (1-3.5% of general revenue). The historical development of state lotteries in Canada suggests that they were introduced as an additional, if limited, source of revenue to help fulfill revenue needs at all three levels of the state. Once in existence, however, state lotteries and the revenues they produced had ideological consequences which were beneficial to the state. These consequences are reflected in the distribution of lottery profits and revenues.

How Are Lottery Revenues Distributed?

The distribution of lottery revenues varies considerably among societies. The practice of "earmarking" (i.e., requiring that proceeds from a specific revenue source be used only to fund a particular government expenditure program) is common but not universal (Johnson, 1979, Chapter 1). In some cases lottery income goes directly into general government revenue.

Frequently lottery revenues are shared between specific programs and general revenue. In Canada there is considerable variation in the way lottery revenues are distributed. With the large increases in Canadian lottery profits in the 1980's more and more of those profits are going into general revenue. Johnson observes (1979) that it is rare in other countries for lottery income to be used to support sports, cultural and recreational programs. In Canada such programs have often received large amounts of lottery revenues.

Loto Canada, the federal lottery, was established primarily to assist, until the end of 1979, in financing the deficits of the 1976 Olympics at Montreal and the 1978 Commonwealth Games in Edmonton. The distribution of Loto Canada revenues was 82.5% for these games, 5% for amateur sport and 12.5% to the provinces (Canada Tax Foundation, 1981: 237). After 1979, Loto Canada revenues were used for amateur sport, recreation and fitness programs. Distribution of lottery revenues by provincial governments tends to vary. Revenues in Quebec and the Atlantic provinces go to general revenue while in the Western provinces and Ontario they tend to be earmarked for sports, culture, recreation and health. O.L.C. profits will be discussed here because they exemplify the characteristic trends in Canadian lottery revenue distribution.

As indicated in Table 1, Appendix 1, in 1982 O.L.C. operated five lotteries, Wintario and Lottario, and three I.P.L.C. games, Provincial, Super Loto and Lotto 6/49. Wintario profits were not only designated for sports, cultural

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and recreational purposes but were used to support a matching grant program. This program restricted the use of lottery revenues to new "public" projects in culture and recreation initiated by local governments and non-profit organizations in Ontario. The applicants had to raise at least 50% of the funds for a project and in most cases had to demonstrate that they had a source of funds to meet the ongoing costs of the project (Ontario Ministry of Culture and Recreation, 1980: 10-11). Johnson observed in his study of Wintario profits (1979) that, given the structure of the program, there was practically no relationship between Wintario projects and the "need" for those projects, as determined by some rule or criterion across geographic areas. In addition, he suggested that allocating lottery revenues in this way likely resulted in some increase in expenditure, both by governments and individuals on culture and recreation and a corresponding reduction in contributions to other public causes. As Table 3 shows, net lottery profits for O.L.C. in 1979-80 were more than \$92 million. We see that about \$72 million (77%) of these profits came from Wintario (\$43,868) and Lottario (\$27,800) all of which was destined for projects in culture and recreation.

Table 3

Ontario Lottery Corporation Profits, 1979-80

Games	Profits (\$ millions)
Wintario	43,868
Lottario	27,800
Provincial	20,652
Super Loto	525*
Total	92,845

*This figure represents only three Super Loto draws.
Source: O.L.C. Annual Report, 1979-80.

The more specific nature of these projects is revealed in the Ontario Ministry of Culture and Recreation's (O.M.C.R.) report on Wintario expenditures between 1975 and 1979.

During the 1975-79 period, the O.M.C.R. was responsible for the distribution of Wintario profits [4]. Several divisions of that ministry accepted applications for and distributed grants for specific program areas. O.L.C. was established in the same year as O.M.C.R. (1975) and Wintario profits have accounted for an increasingly larger proportion of the ministry's revenue since that time. Of the \$196 million spent on capital projects by the ministry between 1975 and 1979, Wintario provided \$123 million (O.M.C.R., 1980: 18). This indicated that the lottery was a major source of revenue for the ministry (63%). Table 4 shows the distribution of Wintario expenditures by program area for that period.

Table 4

Wintario Expenditures by Program Area, 1975-79

	<u>\$(000's)</u>	<u>% of Total</u>
Arts	12,940	11
Heritage	4,054	3
Libraries	2,666	2
Multicultural	1,876	2
Sports & Outdoor Recreation	90,670	73
Multi-Purpose (incl. comm. hall)	<u>11,398</u>	<u>9</u>
<u>Totals</u>	<u>123,604</u>	<u>100</u>

Source: Places to Grow, Ontario Ministry of Culture and Recreation, April, 1980: 17.

4. In an Ontario cabinet shuffle in Feb. 1982, the O.M.C.R., then headed by Reuben Baetz, was split. Baetz retained recreation in a new Ministry of Recreation and Tourism and culture became part of the new Ministry of Culture and Citizenship (Ottawa Citizen, Feb. 13, 1982). After that time Wintario grants for culture and recreation were distributed by these two ministries but the information on O.M.C.R. is still relevant because grant distribution patterns are similar.

Sports and outdoor recreation accounted for 73% of Wintario expenditures, arts and multi-purpose grants (including community halls and special amenities for the physically handicapped) 11% and 9% and heritage, libraries and multicultural grants 3%, 2% and 2% respectively. The major portion of Wintario expenditure was for sports and outdoor activity.

Table 5 shows about three quarters of the grants in one typical set of grants to the Regional Municipality of Ottawa-Carleton. The Wintario grant system consisted of capital grants, for buildings, fixed equipment and the purchase of land and vehicles (Grant 1, Table 5), and community grants, included items such as shared sports equipment, sports travel, leisure and recreational projects (Grants 2-12, Table 5). Given the nature of the projects, capital grants were much larger than community grants. In some other sets of grants, for the province of Ontario as a whole, single capital grants were as large as \$473,735 and often several capital grants (typically in the \$25,000 to \$100,000 range) were announced together. The contents of Tables 4 and 5 indicate the types of cultural and recreational projects funded by Wintario and Lottario profits. In addition, O.M.C.R. ran a Half-Back Program through which Wintario ticket buyers could use non-winning Wintario tickets to receive price reductions on Canadian films, books and records. Lottario profits fall within the same general area of dispersal as Wintario profits but were used in major building projects which included the

Table 5

Wintario Grants Approved for Ottawa-Carleton Regional Municipality

Applicant	Project	Amount	Grant Number**
Gloucester Township	Roof renovations to arena roof	\$31,050.00	1
St. Brigids Summer Camp	To buy camping & sound equipment	3,181.00	2
Nepean Diving Club	International CHMPS*/West Germany	125.00	3
Nepean Rookie Girls Basketball	Senior Prov. CHMPS/St. Catherine's	746.00	4
Ottawa Y	Buy Gym equipment	5,659.00	5
Ottawa Y	Buy wrestling material	2,275.00	6
International Dance Ensemble	Folkdance seminar	256.00	7
Saw Gallery Inc.	Buy portable arts equipment	2,220.00	8
Navy League of Canada, Ottawa	Buy musical instruments	3,712.00	9
Riverside Bantam A Hockey	Tournament/Halifax	883.00	10
Les Chansonniers Blackburn	Buy costumes for dancers	2,200.00	11
Kanata Potters	Workshop/Hamilton	296.00	12

*Champions

**Grant numbers are used here only as a means of facilitating discussion of the data.

Source: The announcement of these grants and eight others, which are not included because they are so similar, was made in the OLC Press Report, May 13, 1980.

Royal Ontario Museum, Roy Thomson Hall and Massey Hall (both for the performing arts), the extension of T.V. Ontario (the province's educational television channel) and the Sudbury Science Centre (O.L.C., Annual Report, 1981-82: 10).

O.L.C. profits from Provincial, Super Loto and Lotto 6/49 were not "earmarked" in the same way as Wintario and Lottario profits although their most frequent destination was in health-related projects. Profits from these lotteries were allocated by cabinet, in lump sum payments over a specified time period to particular ministries. The Provincial accounted for 22% of O.L.C. profits in 1979-80 (Table 3) and most of these profits were designated for health and environmentally-related health research through the Ministries of Health, Labour, Agriculture and Food, Natural Resources and the Environment. Health research programs funded through the Ministry of Health included grants to universities and hospitals for cancer, stroke and mental health research. Funds allocated to the Ministry of Labour paid for training of occupational health specialists (O.L.C., Annual Report, 1976-77: 8). Environmental health projects such as identification and rehabilitation of abandoned mine sites and the replacement of contaminated top soil from residential properties near lead smelting plants were financed with lottery revenues through the Ministry of the Environment (Personal Correspondence with the Manager, Environmental Research, Ministry of the Environment, Pollution Control Branch, Feb. 1983). The Ministry of Agriculture and Food used Provincial

funds for research in pest management and quality and safety of food (Personal Correspondence with the Assistant Deputy Minister, Ministry of Agriculture and Food, Technology and Field Services, Feb. 1983). Allocations of Provincial funds were also made to the Provincial Secretariat of Justice and the Ministry of Community and Social Services [5]. After 1983, however, all Provincial profits were directed exclusively to health and environmentally-related health projects.

Revenues from Super Loto, introduced in January 1980, were also distributed by the Ontario Cabinet. For the first three years of its existence, Super Loto profits (\$100 million) were allocated to the Ministry of Health for its hospital construction projects of some \$360 million announced in the spring of 1980 (Ontario Ministry of Health, News Release, May, 1980). These projects consisted of construction of new hospitals, major renovations to existing facilities and upgrading of electrical and mechanical units, fire safety and conversion to chronic care units. Super Loto funds were not designated for any particular type of project or individual hospital. After 1983, along with Provincial profits, Super Loto proceeds, as well as those from Lotto 6/49, were channelled into environmental and health related research. After 1982, the \$15 million distributed annually by the Trillium Foundation

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5. For example, some of the lottery-funded projects approved in the justice field included victim/witness assistance projects, bail supervision/bail verification projects, a Mississauga disaster study and a Task Force on Vandalism (Personal Correspondence with the Policy Coordinator, Provincial Secretariat of Justice, March, 1983).

to social service organizations also came from these games. The high profits associated with the "loto-mania" produced by Lotto 6/49 were previously documented. Given these high profits, the 1979-80 distribution of O.L.C. profits (Table 3), in which the largest share was earmarked for culture and recreation, shifted after 1982 to one in which the greater portion went to health-related projects. This seemed to signal a trend in Ontario for lottery revenues to be used as general revenue.

Increasingly, a larger proportion of lottery revenues in Ontario are allocated at the discretion of the cabinet. It is precisely the discretionary nature of lottery revenues which gives them their political significance by providing for the government and its incumbent politicians a "political pork barrel". This development can only be understood in terms of who actually benefits from the distribution of lottery revenues.

Who Are the Beneficiaries of Lottery Revenues?

It was observed in Chapter 4 how lottery corporations suggest in their ticket promotion that by buying a lottery ticket one is contributing to the "public good". The assumption is made that the projects funded might not otherwise receive financial support and that everyone in society benefits equally from them. It is difficult to identify the beneficiaries of lottery funded projects but it is possible to make some general observations in this regard. Using O.L.C. as an example the cultural and recreational projects funded with Wintario and Lottario profits are first considered.

In Table 4 we saw that 16% of Wintario profits between 1975 and 1979 were devoted to arts, heritage and libraries and 73% to sports and outdoor recreation with the remaining 11% going to projects defined as multicultural and multipurpose. Losers, who took advantage of the Half-Back Program, were compensated with discounts when purchasing certain cultural items. Similarly, Lotterio profits, between the game's birth in 1978 and 1982 (approximately \$151 million) were used for museums, concert halls and similar cultural projects. Cultural activities of this sort have been referred to as "high culture" because they tend to be controlled by and represent the interests of dominant classes and groups in society who have the power to define the most socially valued and legitimate cultural meanings and practices. When inculcated through education, these meanings and practices tend to elicit assent and encourage respect by subordinate groups for the existing social order. The symbolic meanings contained in culture mediate power relations among social groups and classes and thereby maintain existing social inequalities. To possess culture is to possess cultural capital. Cultural capital, at the level of the individual, refers to a socially inherited and acquired linguistic and cultural competence which facilitates educational attainment and cultural consumption.

Cultural capital as cultural background, knowledge, disposition and skills can be used by the individual in a way

analogous to economic resources. Cultural capital is unequally distributed and consumed by individuals, groups and classes in a way similar to economic resources as reflected in different levels of educational attainment and patterns of cultural consumption. Culture is viewed by Bourdieu as objective forms, e.g., books and works of art, practices, e.g., museums, concerts, theatre, or academic credentials. Bourdieu argues that those who occupy the "lower positions" (i.e., agricultural professions, workers and small trades people) in society are excluded from participation in high culture (i.e., reading, works of art, theatre, concerts, art-cinema and museum attendance) because they do not have the "cultured disposition", acquired through socialization and education, for such activities (197: 48). Empirical evidence from surveys of cultural consumption in France, as well as expenditures by various groups on culture, offered by Bourdieu support his theoretical assertion. Evidence on comparable cultural sports and recreational activities, funded with lottery revenues in Ontario, reveal a similar trend.

The Ontario Recreation Survey (O.R.S.) (Tourism and Outdoor Recreation Planning Study, Vols. 2, 6, 7, 1977) studies the incidence and frequency of participation by Ontario residents in 73 "recreational" activities. Participation rates increase with increases in the level of education and household income and is above average for managerial, administrative, professional and technical and sales occupations and below average for service, processing, horticultural and animal husbandry occupations.

Participation also declines with increasing age. These differences in participation by different socio-economic groups are greater for selected activities which are frequent recipients of Wintario and Lottario profits.

In the O.R.S. the relationship between 15 of the 73 activities in the survey to education, occupation, income, sex and age is demonstrated. The fifteen activities included swimming, recreational boating, fishing, snowshoeing and cross-country skiing, recreational cycling, recreational snowmobiling, hiking, visiting a developed historic site or display, visiting a museum or art gallery, camping, golfing, tennis, horseback riding, ice hockey and alley bowling. The greater tendency of people with higher levels of education to visit historical sites or displays, museums and art galleries, activities toward which Lottario funds in particular are directed, is clear in the survey. Attendance at these activities rises steadily from 0.7 to 0.9 occasions per capita annually for those with less than Grade 11 education to 3.4 to 4.3 occasions for those with a university education (O.R.S., Vol. 2, Demographics, 1977: 91-92). The group categorized by heads of households having less than grade 9 education have the lowest participation rate in almost every activity studied. The activities most favoured by those with lower levels of education in this survey are recreational snowmobiling, fishing and camping. These types of activities are not typical recipients of lottery funding.

We already observed that 73% of Wintario profits were spent

on sports and recreation. Of the fifteen activities previously discussed, swimming, golfing, tennis and ice hockey are typical of sports which receive Wintario funding (O.M.C.R., Wintario Grant News Release, Sept. 26, 1979; May 22, 1980; June 10, 1980; July 7, 1980). For each of these sports participation is highest for those from the higher educational, occupational and income levels. Participation in these four sports, particularly in golfing and ice hockey, is greater for men than for women and participation declines with increasing age (O.R.S., Vol. 2, Demographics: 91-92, 96-97, 102-103, 76-77). Not only are the participants in the sports typically funded by Wintario a select group but they represent a very small proportion of the people of Ontario. The following are participation rates for sports frequently funded by Wintario: ice hockey 12.9%, tennis 12.7%, badminton 12.4%, basketball 11.5%, sailing, 6.3%, judo/karate 1.0%, squash and water polo 0.9%, equestrian sports 0.4%, fencing 0.1% (O.R.S., Vol. 7, Profile of Participants: 8-9). These activities do not appear at all in the rank order of the first ten recreational activities in which low-income groups and the elderly participate (O.R.S., Vol. 6, Special Groups: 47, 71). The highest income groups, men and those under 30 years of age, tends to have the highest rates of participation. The researchers of this study warn that caution must be used in interpreting participation rates of less than 2%. Nevertheless, it can be said that participation in such activities is very low when compared to swimming, picnicking, recreational walking and attending sports events where participation rates are 66.2%.

59.9%, 55.2% and 52.5% respectively (Q.R.S., Vol. 7, Profile of Participants: 8). The latter activities are among those most participated in by low-income people and the elderly and, with the exception of swimming, they are not supported with lottery profits.

Later reports on research for O.M.C.R. on participation by Ontario residents in recreational activities report that the situation remains largely unchanged (Ottawa Citizen, April 10, 1981). A national study conducted for the Fitness and Amateur Sport Branch of the federal department of Health and Welfare reports a demographic profile of Canadian participants in fitness, physical recreation and sports activities which is almost identical to the Q.R.S. profile of Ontario residents (Statistics Canada, Ottawa, 1980a). Reported average expenditure on cultural and recreational items increases as a proportion of family income as that income increases, a trend which is congruent with participation surveys (Statistics Canada, 1982b: 68-73). The salient conclusion which can be drawn from this evidence is that, at least in Ontario, British Columbia, Alberta, Saskatchewan and Manitoba, where large percentages of lottery profits are "earmarked" for culture, sports and recreation, a large portion of lottery revenues are spent on activities in which a fairly small middle and upper class group of residents participate.

Returning to the case of O.L.C., the remaining lottery profits in Ontario, from Provincial, Super Loto and Lotto 6/49, we observed, are allocated at the discretion of cabinet.

Hospitals, health research and environmentally-related health projects are the main recipients of these funds. Government literature associated with lottery funded projects (Ontario Ministry of Health, 1982) and lottery corporation advertising implies that lottery financed projects would not otherwise receive funding. The President of O.L.C., in responding to a critical article on lotteries in the press put this argument explicitly. He stated:

Since 1975, \$540 million in profits have been generated from lotteries for public projects that would not normally have received financing from conventional sources. Sports, fitness, cultural, medical research, environmental, social service and hospital capital projects have all shared funding from lottery proceeds (Ottawa Citizen, July 17, 1981) (my emphasis).

Contrary to this argument, when lottery profits are spent on health, environmentally-related health projects and social services, they are being used to finance programs answering to already recognized social needs [6]. As the outcome of long-term political struggles the state has increasingly been required to fund health care and other social service programs as part of its "welfare state package". The Hospitals

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6. This same claim can be made in relation to Ontario sponsored physical fitness programs. It was recognized that increased physical fitness reduced health risks and could in part be regarded as an aspect of preventative health care. Given our previous discussion of the demographic profile of participants in sports and recreational activities, it did not pay off in this way because low-income people and the elderly had very low levels of participation. Poor Canadians, on the other hand, faced much higher risk of illness than those in middle and upper income categories (Wilkins, 1980). The elderly also face relatively higher health risks. Even where general participation rates increased, the demographic composition of participants did not change (Ottawa Citizen, April 10, 1981).

Sweepstakes Bills, introduced in the federal Houses of Parliament in 1931, 1934, 1960 and 1962 (Chapter 3), indicate that some politicians from the beginning saw state lotteries as a potential source of revenue to meet increasing health care costs faced by the municipal and provincial levels of government. At those times the federal government rejected lotteries as a solution to state revenue problems, including those created by increasing health care costs. By the 1950's and 60's, the federal government finally realized that the provinces could not bear the cost of health care on their own and public health insurance came into existence as a result of federal-provincial cost sharing agreements [7]. In short, from then on health care received funding from governments. Ontario came into medicare in 1967.

Low-income Canadians gained the most from medicare because the pattern of health consumption before medicare, where poor people used the health system least, was reversed [8] (Canadian Sickness Survey 1950-51, Ottawa, 1960; Economic Council of Canada, Ottawa, 1979). The chronically ill and the elderly, who face similarly high health risks, also benefited greatly. Thus medicare promised

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7. The national health insurance scheme was introduced in two stages. Under the Hospital Insurance and Diagnostic Services Act of 1957, the federal government offered to share the cost of provincially-operated hospital insurance plans. In 1966 the Medical Care Act extended federal cost-sharing to provincial plans that included doctor's services. The Yukon was the last region to join "medicare" in 1972.
 8. It is a well documented fact that low-income Canadians faced higher than average risk of premature death, illness and disability (Department of National Health and Welfare, Ottawa, 1980: 6).

to close the "health gap" between rich and poor (National Council of Welfare, 1982a: 16). However, this same health care system came increasingly under attack in the late 1970's and 1980's. Strategies such as extra-billing, premium increases and user fees were discussed by governments as a way of cutting their health care costs. The organized medical profession mobilized to press for higher fees and privatization of public health insurance. Such solutions would pass the cost of health care back to its consumers and low-income people would suffer the most (National Council of Welfare, 1982a: 24-31). In the case of extra-billing and user fees, low-income people would avoid them, where possible, increasing the health gap between rich and poor. It was sometimes suggested that lottery revenues should be used to reduce health insurance premiums. A typical objection to this is that lottery profits are so small relative to the costs of health insurance that when spread out over the population of Ontario premiums to individuals would not be reduced significantly (Johnson, 1979). Using lottery profits to buoy up the health care system, whether it be through premium assistance or grants for health research and hospitals, passes the cost of these essential services to individuals who buy lottery tickets. It has been argued in this thesis that low-income Canadians spend relatively more of their limited incomes on lottery tickets than the middle and upper-income categories. The lowest income people and the elderly in Ontario are officially exempted from health-care premiums but unofficially they and others who succumbed to the lure of the

lottery still pay differentially for health care when they buy lottery tickets. The Ontario government, at the same time appears as the champion of "health care" as defined by the applicants and recipients of Provincial and Super Loto grants. These grant recipients represent a more influential and powerful social class than the majority of lottery players. They are the medical and scientific professionals and institutions, e.g., universities, hospitals, foundations and associations. The ability of the government to retain the favour of such powerful classes and groups is essential to its political survival as well as to dominant class hegemony. A similar argument can be made for Provincial lottery revenues spent on environmental projects.

In trying to balance the need for economic growth against environmental issues, the Government of Ontario directs its environmental concerns toward the eradication of environmental contamination rather than seriously examining the causes (Lax, 1979). A list of projects funded with Provincial lottery profits through the Ministry of the Environment reflects this tendency (Table 6). This ministry received \$7.7 million from Provincial lottery profits between 1976 and 1983 for use in health-related environmental research and restoration of environmental quality. Individual and group projects were eligible for financial support if they could provide the technical expertise and equipment and meet the terms of the public tendering process. As in the case of health research, scientific professionals and the organizations with which they

are affiliated were often the recipients of grants. By 1982, \$1.3 million in lottery revenues had been allocated to the study of acid rain alone (O.L.C., Annual Report, 1981-82: 11). Project 12, Table 6, Monitoring Fish Populations in Acid Stressed Lakes, is an example of this type of research. Other acid rain projects were developing more accurate methods of measuring the problem. This lottery funded research, when announced, publically reinforces the Ontario government's apparent concern with environmental issues. Most environmental groups, lobbying the government for a clean-up of the physical environment, are satisfied that there is already sufficient evidence that acid rain, for example, is injurious to public health. In their struggle to eradicate the causes of environmental pollution, these largely middle class activists confront a powerful fraction of the dominant class, the industrialists.

Table 6

A Sample of Environmental Projects Funded in Ontario With
Provincial Lottery Profits

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1. Replacement of Contaminated Soil Around Three Contaminated Lead Smelters
 2. Environmental Clean-up of Inactive and Abandoned Mining Properties
 3. Bio-accumulation Rates of New Dielectric Fluid Products
 4. Detection of Levels of Virus in Bathing and Drinking Waters
 5. Spread of Encephalitis through Avian and Rodent Reservoirs
 6. Radiation Control Measures in Elliot Lake area
 7. Investigation of Belleville Drinking Water for Halogens
 8. Clean-up of P.C.B. Spill at Dowling Ontario
 9. Chemical Identification of Airborn and Waterborne Carcinogens
 10. Children's Respiratory Health Related to Hamilton Air Pollution
 11. Effects of Variable pH on Uptake of Mercury in Fish
 12. Monitoring Fish Population in Acid Stressed Lakes
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Source: Drawn from a list of 59 projects given to the author in correspondence with the Manager, Environmental Research, Ontario Ministry of the Environment, Pollution Control Branch, February 21, 1983.

Industrial corporations, it can be argued, benefit most directly from lottery funded environmental projects. Projects 1 and 2, Table 6, are good examples. Why is it that lead smelting companies and the mining industry are not required to pay, as part of their costs of production, for the clean-up of this contamination which they caused? In Project 1, Table 6, the lead smelting companies benefited directly from lottery revenues. After a long and bitter public battle in this case, the Minister of the Environment announced in the Ontario legislature in 1976 that these companies in the city of Toronto had been found responsible for cleaning up and removing contaminated soil from contaminated property. The cost of the clean-up was approximately \$83,000. The three smelters eventually paid only \$28,000 or less than one third of the total. They received a Provincial grant (Project 1, Table 6) for the rest (Lax, 1979: 70). This grant provided an avenue for the Ontario government to retain a favourable position in the eyes of powerful industrialists and it seems reasonable to suggest that Provincial lottery players were generally unaware that they were paying private industry's clean-up bills. The government of the day, because the distribution of Provincial lottery revenues was at the discretion of the cabinet, was able to use these funds to curry the political favour of powerful groups in society. In the case of environmentally-related projects these groups include a powerful fraction of the dominant class, private industry, and middle and upper-middle class environmentalists, scientific professionals and

institutions (universities and research centres). Allocation of Provincial lottery revenues to the Provincial Secretariat of Justice and the Ministry of Community and Social Services prior to 1983 also suggests the importance to government of discretionary lottery revenues in organizing the hegemony of classes and fractions of classes in Ontario.

If the projects financed with lottery revenues through the Secretariat of Justice, such as those studying vandalism and bail supervision and verification, lead to improved methods of social control, then class society in Ontario and the dominant class in particular are the beneficiaries. More immediate and obvious beneficiaries are the middle and upper-middle class agents of social control and legal professionals who actually carry out the funded projects. As in the case of health research financed by lottery revenues, when the social services are financed in this way the costs of such services are partially passed on to lottery players. Given the characteristics of lottery players described in Chapter 4, many of these players would themselves be clients of the Ministry of Community and Social Services. This is a retrograde step in social development in the sense that Canadians by the mid-1960s had already gained a basic level of social services as a right of citizenship rather than as a matter of charity. In any case the amounts of lottery money spent on social services are small relative to other expenditures of lottery monies. The decision to 1982 to direct some lottery revenues to voluntary social service and charitable organizations through the Trillium

Foundation does not significantly change this balance between lottery revenue beneficiaries. Trillium grants to social service and charitable organizations are limited in total to 10% of O.L.C. revenues as a maximum of \$15 million annually for five years. At least for five years those organizations do not share proportionally in rapidly expanding lottery revenues and after that time future funding will be at the discretion of the cabinet. Expenditures on social services have not, historically, been a high priority for governments. There was some indication nevertheless that the Ministry of Community and Social Services in Ontario will be called upon to bear some of the social costs of state-sponsored gambling.

On Nov. 22, 1984, the Ontario Minister of Community and Social Services announced his department would spend \$25,000 to study the "social costs of compulsive gambling" (Ottawa Citizen). Under this contract to the Canadian Foundation on Compulsive Gambling, the foundation said it would develop programs for the treatment of pathological gamblers and distribute literature on how to recognize and treat the disorder. Only a few weeks later, O.L.C. announced profits of \$216 million for fiscal year 1983-84 (Ottawa Citizen, December 13, 1984). It has already been demonstrated (Chapter 4) that profits of this magnitude are only possible because lottery corporations, through their pervasive game structure and advertising, create a social environment which is highly conducive to gambling. In the case of state lotteries there is a contradiction within the state itself, in this case the

Ontario government. On the one hand, O.L.C., an arm of the state, had as its goal the operation of profitable lotteries. The Ministry of Community and Social Services, on the other hand, was officially established to protect the welfare of those people in Ontario who can not do so themselves.⁹ The gambling environment created by O.L.C. in the pursuit of its goals is contradictory to those of the Ministry of Community and Social Services because it exploits precisely those members of society whose welfare the latter ministry was designed to protect. Such a contradiction could ultimately undermine state lottery activity. If political awareness of such a contradiction is raised, in the public media for example, it would become more difficult for the state to legitimate its involvement in lotteries [9]. More people might begin to ask, why not eliminate one major cause of compulsive gambling, i.e., state lotteries, and the human misery associated with it, rather than treat the symptoms. But, during the 1970's and 80's the advantages of lotteries for the state seem more salient than the disadvantages. The political leverage provided for government by lottery revenues was particularly important in the period prior to the 1981 Ontario election:

Lottery grants were liberally handed out, frequently in person by the incumbent Premier and his ministers in ridings

9. We observed earlier the apprehension with which the minister responsible for lotteries in Ontario greeted the much publicized "loto-mania" surrounding the very large Lotto 6/49 jackpot in Jan. 1984 (Chapter 4).

where their Conservative party might have had a close race in the election. It was reported in the press that the Premier announced a \$300,000 lottery grant for Ukrainian studies, a project which had been promised since 1975, in a riding of largely ethnic minorities, where there was a tight race between the Conservatives and the N.D.P. Similarly, the Premier's campaign made an unscheduled detour to personally deliver a \$86,000 Wintario cheque in another riding for an "ethnic centre". An \$80,000 Wintario cheque was also personally delivered by the Premier to a needy Toronto boys' club in yet another riding where the outcome of the election was uncertain. Cabinet ministers made similar announcements of lottery revenue grants during their campaigns (Ottawa Citizen, March 18, 1981). In the most blatant attempt to use lottery revenues as a political patronage, the incumbent Minister of Culture and Recreation, on the campaign trail, promised a legal aid clinic to his own riding. When queried by his constituents as to how he could deliver on the promise, the Minister said that he would deny future Wintario grants to the riding of the incumbent Attorney-General if he resisted the proposal (Globe and Mail, March 13, 1981). According to the government the awarding of these lottery monies in the pre-election period was coincidental. This seems unlikely even to the most gullible observer because many of the projects which received funding were those previously denied government financing or were those where funding was promised but had not materialized. Moreover, the grants were made in ridings where a tight electoral race was

anticipated and/or where the related issues had become highly visible and controversial. In answer, then, to the question of who benefits from lottery profits, the government of the day and its elected party members must be included.

Finally, ticket retailers, distributors, advertising firms and ticket printing and computer equipment companies are also beneficiaries of that portion of lottery profits distributed by O.L.C. in their operating costs. O.L.C. retailer's commissions in 1984 were approximately \$38 million, distributor's commissions \$12 million, advertising \$18 million, ticket printing \$8 million and equipment \$1 million for a total of \$77 million. The typical ticket retailer was observed to be either individual vendors or small and medium sized business and because there were 16,000 retailers alone receiving modest commissions in Ontario in 1984 their profits, except in very high traffic areas, were relatively small. The way in which distributors' commissions, advertising, ticket printing and computer equipment contracts are allocated is not clear and information is not forthcoming from the corporation. The potential to use these lottery corporation expenditures as political patronage is clear. Given that there were only 49 distributors in Ontario in 1984 and together they received almost \$12 million from the corporation they earned an average of \$255,000 each that year. These distributorships would be a nice reward for individual friends of government. Lottery advertising is likely handled by only one or two firms as is ticket printing and computer equipment. Dittler Brothers Inc.,

described as a very lucrative American subsidiary of Southern News, a large Canadian newspaper firm prints Canadian lottery tickets, as well as tickets for American lotteries (Globe and Mail, Feb. 25, 1985). While O.L.C. spent only \$1 million in 1984 on computer equipment, perhaps largely maintenance costs, the start up costs for Lottario, O.L.C.'s first computerized numbers game, were \$11.5 million dollars in 1979. This represented a handsome contract for "some" computerized systems firm. While information is not available on which to base a definite statement concerning the recipients of these large contracts related to cost of lottery operations, the very absence of information and what we know about political patronage in other areas of the Canadian political system, raises the suspicion that lottery monies are being used in this way to elicit political favour for the government. In this case the favour of perhaps middle and upper middle class members of the business community.

Summary

Canadian governments, in search of additional revenue, developed a very complex structure of state-operated gambling in the 1970's and early 1980's. By incorporating in their "lottery" games many features of more exploitive types of gambling, they produced profits of a magnitude much greater than those associated with traditional lotteries. The state justifies its gambling activities by designating at least part of the profits for projects defined as "good public causes",

implying that everyone in society benefits from them equally, and by further suggesting that lottery funded projects would not otherwise receive financing. Using Ontario as a representative case, we find that most of these earmarked revenues are used to finance sports, cultural and recreational activities. Due to the unequal distribution of cultural capital in Ontario society and the relationship between educational attainment and patterns of cultural consumption, we find that it is a relatively small and affluent group who participate most in these lottery funded activities. In particular, it is mainly better educated, middle and upper-middle class adults and children who participate. By participating in lottery funded activities, Bourdieu's work would suggest, the higher socio-economic classes acquire and expand their 'cultural capital'. At the same time, ~~the~~ working class, the poor and other relatively disadvantaged socio-economic classes and groups, who provide most of the revenue for lottery funded projects in the first instance, do not acquire cultural capital in this way but in the end they are controlled by it, as part of dominant ideology.

Increasingly, a larger proportion of lottery profits go into general revenue and are distributed at the discretion of cabinet. This trend does not necessarily result in a more equitable distribution of lottery profits. Cabinet allocated funds are used to buoy up programs, such as health and "welfare, state" programs for which the state has a recognized responsibility as established through the political process. The state on the one hand reduces its commitment to these

programs through funding cut-backs and on the other passes the costs of such services back to relatively disadvantaged people in Ontario through their lottery purchases. Given that economically and socially disadvantaged groups and classes benefit most from these programs it follows that they lose most from this transfer of responsibility. In addition, lottery funds are used by government and incumbent political parties to curry the political favour of various classes, groups and constituencies in Ontario society, particularly during electoral campaigns.

CHAPTER 7

SUMMARY AND FURTHER REFLECTIONS

Games of chance (gambling), lotteries in particular, have existed in virtually every known society. It can be argued that this is largely due to the close relationship between chance and notions of equality and justice (Aubert, 1980: 95). Two concepts of equality have tended to exist in societies past and present. The first concept of equality is that "equal contributions, merit or failure, are met with equal sanctions, rewards or penalties" and the second is that "all men are equal independent of special characteristics" (Aubert, 1980: 93). In actual societies there is a discrepancy between particular versions of these ideal notions of equality, as expounded in dominant ideologies, and existing structures of inequality. To the extent that these discrepancies are apparent, they appear unjust and tend to undermine social harmony. In comparison, everyone is equal in the realm of chance; assuming that the game is honest, everyone who plays has an equal chance of winning, notwithstanding their achievements or personal characteristics. Therefore, as Aubert suggests:

Small wonder then that so many people representing so many different cultural backgrounds have sought refuge from the inequalities and injustices of real life in this model of an egalitarian society (chance). (1980: 93).

To the extent that games of chance divert the attention of subordinates from their unequal position in society, they can be viewed as contributing to social harmony.

Lotteries, in their earliest forms, as we saw in Chapter 3, were used to legitimate political decisions. In the Roman Empire lotteries were an entertaining diversion, particularly among the wealthy, as well as a source of profit and a means of distributing commercial goods. Goods won between the rich in lotteries in Muslim societies were often used to appease the poor, apparently in the interests of social harmony. Later, lotteries became a "public" activity with money prizes and were frequently sovereign monopolies (Italy 1530, France 1533, England 1566). The latter were the first state lotteries and the revenues were used for "public improvements", e.g., roads, bridges, harbours. By the end of the eighteenth century lotteries were used as a source of revenue by most Western European countries.

In the seventeenth and eighteenth century state lotteries proliferated in Great Britain and the United States. This was a period of transition from feudalism to capitalism. The "ideology of work" was "organic" to this stage of capitalism, in the sense in which Gramsci used the concept (Chapter 2). If the transformation from feudalism to capitalism was to take place a new discipline advocating regular systematic work was required. The assumed goal of capitalism is the accumulation of capital and therefore in capitalist societies economic acquisition was no longer merely a means of meeting individual needs but was a means of maximizing productivity and thereby accumulation (Anthony, 1977: 39-46). One consequence of the ideology of work was that work was dignified and compared to "idleness". The

emphasis on work tended to lead to the conclusion that property (the primary reward of capitalism) was justified by work and not justified without it. The idea that the rewards of capitalism could be achieved without work through chance in the lottery contradicted the ideology of work and the prevailing view of equality as expressed in the dominant ideology of capitalist societies. It is not surprising then that in the heyday of capitalism in Great Britain and the United States (nineteenth century) state lotteries were abolished.

Abolition of state lotteries in competitive capitalism was often based on arguments that lotteries encouraged idleness and discouraged work (Chapter 3). In addition, it was well established by this time that lotteries were a "tax on the poor" and so, for the many concerned with liberal notions of equality during this period, they were seen as a disreputable source of revenue for any cause. State lotteries also conflicted with the liberal-democratic view of the state as the impartial representative of all members of society. By the mid-twentieth century, however, state lotteries and similar types of state-operated or regulated gambling were once again introduced in Great Britain and the United States. Canada followed suit in the 1970s. It is the particular characteristics of state lotteries at this advanced stage of capitalist development in Canadian society which is the primary focus of this thesis. We have argued theoretically that dominant class hegemony, in societies such as Canada, is largely achieved through consent rather than coercion and that the state through its policies

arranges hegemony. Therefore, this study of Canadian state lotteries contributes, not only to our knowledge of Canadian society and state but also to our broader understanding of the state and hegemony in advanced capitalist societies.

Lotteries were prohibited in Canada in the federal Criminal Code prior to 1969 except for small scale lotteries for charitable and similar specified purposes. This was largely due to the inheritance of laws related to the abolition of nineteenth century state lotteries in Great Britain associated with Canada's status as a British colony. Since lotteries elsewhere, illegal ones flourished, some of them were lotteries for private profit. Finally, and unsuccessful in curbing the expansion of illegal lotteries, state lotteries were established. State lotteries were legalized in Canada in the late 1960's, a period of social conjuncture in which the municipalities and the provinces were demanding of the federal government a means to finance their expanding welfare state programs. The federal state itself was, by this time, also experiencing increased social expenditures. Advocates pointed to the historical trend in Canada and elsewhere to finance charitable and "public causes" through lotteries, as well as the perceived trend for Canadians to spend increasing amounts of money in illegal lotteries, in support of their demands. Opponents on all sides of the ideological spectrum emphasized the historically demonstrated "negative" aspects of lotteries. Those concerned with the negative consequences of lotteries for capitalism bemoaned their

purported tendency to discourage work. Those concerned with the effects of lotteries on equality (or the lack of it) emphasized their long standing status as a "tax on the poor" and argued that this trend conflicted with the prevailing view of the liberal-democratic state as governing in the best interests of all its citizens. Despite these arguments against state lotteries, which spoke mainly to their inegalitarian aspects, they were legalized in 1969.

Consistent with the long history of federal-provincial conflict in Canadian politics, the lottery field became a new arena for conflict as the federal government, as well as the provinces, quickly moved into lotteries. The provincial governments emerged as victors in this struggle gaining a monopoly by forcing the federal government and non-profit organizations out of the field. In a co-operative effort the provinces presented a strong united front to the federal government and practically eliminated competition between provincially-run lotteries through the establishment of the I.P.L.C. Legalized gambling and state lotteries in particular were still somewhat controversial issues among some segments of society in the 1970's. Therefore, in the style of their historical predecessors, Canadian governments justified lotteries by designating some part of the revenues for projects defined as "good public causes".

In Canada state lotteries were established as Crown corporations giving governments a degree of distance from this sometimes controversial activity. In the same way as their

private sector counterparts, corporations must competitively market their product to make a profit. Thus, unlike lotteries in other societies at earlier points in history, mass advertising, modern communication networks and sophisticated marketing techniques are all invoked in the development and promotion of state lotteries. In the past, lotteries have been less exploitive and addictive than other forms of gambling, e.g., sports pools, numbers games, race-track betting, casinos. Presumably this was due to the relatively low pay-offs, poor odds and lack of personal participation associated with the traditional lottery. For the lottery corporation management, charged with running profitable lotteries, these characteristics, which translate into a tendency for people to lose interest, is problematical. Canadian lottery corporations, informed by a vast literature on gambling and the experience of a few American state lotteries in the 1960's, have overcome this problem by transforming the traditional lottery into a very pervasive and compelling form of legalized gambling. The real impact of this relatively new form of state lottery is revealed in their consequences both for Canadian society and for the state itself.

The consequences of lotteries for society are revealed in who buys the lottery tickets and incurs the greatest costs and in the actual conduct of lotteries. The exploitive nature of state lotteries is reflected in the increase in "compulsive gambling" since their introduction as reported by police and help-groups such as Gamblers Anonymous. Evidence presented in

Chapter 5, however, suggests that not all socio-economic classes and groups are equally exploited by lotteries. The relatively disadvantaged, as indicated by level of income and education, buy most of the lottery tickets and a larger percentage of their low incomes go to state lottery revenues. What is it about state lotteries that make them so compelling on these members of society least able to afford them? Part of the answer is in the structure of lotteries in Canada which, as we saw in Chapter 4, creates a social environment highly conducive to buying lottery tickets. It is the type of environment associated in the past with highly exploitive forms of gambling. State lotteries in Canada in the 1980's are more exploitive than lotteries and other forms of gambling in the past, however because never before have so many exploitive features (huge money prizes, many small prizes, cheap tickets, many draws for many games, instant prizes, illusions of control over the chance situation) been included in any type of gambling and promoted through mass advertising. But, there is more to the environment of Canadian society than lotteries. What is it about that environment which causes people, the relatively disadvantaged in particular, to buy lottery tickets? As Stuart Hall et al. suggest, in their discussion of the environmental determinants of crime and prevailing ideas about crime, in order to answer such questions one must call into question "some fundamental structural characteristics of society" (1978: 118).

The class structure of Canadian society is one in which large numbers of people are relatively deprived of material

resources as well as 'cultural capital'. This state of affairs is reflected in high unemployment, poverty and levels of education which are inadequate to permit individuals to compete for more resources. How is it that those who suffer most in this situation are reconciled to it? To some extent the compliance of the losers in the competition for resources in advanced capitalism is obtained through reforms and compromises such as unemployment insurance, welfare and similar social service programs, but in large measure it is achieved ideologically. The compromises made with the relatively disadvantaged in the form of "welfare state" programs were made as compliant as possible with the accumulation process. Disgruntled fractions of capital, vis-a-vis particular programs, were at least partially appeased ideologically. Social programs reflected an overriding concern with making eligibility criteria sufficiently rigorous and levels of benefits sufficiently low so as not to "undermine the incentive to work". Even proposals for a Guaranteed Annual Income in the 1970's (Special Senate Committee on Poverty, 1970: 192), which were said to be directed toward eliminating poverty, had as a primary focus, the development of a work-incentive mechanism to "ensure that those who work receive and keep more income than those who do not". People must still be compelled to work in advanced capitalist society and therefore the "ideology of work" is still an important, but perhaps less credible, component of dominant ideology.

Hall et al. propose that:

All social ideologies contain powerful images of society at their heart. These images may be diffuse, quite untheorized in any elaborate sense; but they serve to condense and order the view of society in which the ideologies are active and they constitute both its unquestioned substratum of truth - what carries conviction - and the source of its collective emotional force and appeal (1978: 140).

Images produced in the way suggested in this quote produce and sustain, according to Hall et al. an uncodified but immensely powerful way of life. The point of view produced in this way cuts across social classes in the sense that everyone shares them to some extent. Images of personal success acquired through work are comprehended and understood in varying degrees and in different ways by members of the various classes and groups in Canadian society. Most of the relatively disadvantaged may have internalized the ideology of work in that they believe that personal and material rewards should be acquired through work. They perhaps also comprehend the idea of equality of opportunity, an element of dominant ideology particularly prevalent in twentieth century North American capitalism, which suggests that although the rewards associated with work are not forthcoming at least everyone has the opportunity to achieve them, largely through mass education. At the same time, based on their own experiences (associated with inflation depleted wages, high levels of unemployment, deskilling, the alienated nature of such work and increases in part-time work) people at the lower end of the social hierarchy may be convinced that the rewards of work are being received by fewer and fewer people at the upper levels of society. The ideology of equal opportunity may thereby be rendered less

credible. The 'chance ideology', created and distributed by state lotteries, can be seen as filling an ideological gap created by thwarted expectations of material and social rewards.

The chance ideology related to state lotteries creates through advertising and lottery-related reports in the mass media, images of personal and material success typically associated with work and educational achievement. In Lotto 6/49 television commercials, for example, the purported consequences of a win are implied by suggesting that winners will be able to acquire a chauffeur and fine art. Furthermore, lottery advertising and promotion suggests all who play have equal opportunity to win the coveted rewards. Thus, the hope or expectation of material and social rewards is codified in lottery advertising and promotion as the chance of winning a big money prize. It is further suggested that, if one wishes to acquire those rewards, the rational thing to do is to buy a lottery ticket as implied in Lottario commercials where a purportedly not so very bright woman's "lucky number" came up but she "forgot to play". Images of personal success and the apparent opportunity to acquire it in the lottery are, at the same time reinforced by media portrayals of "ordinary Canadians" in a state of excitement over a "big win" in the lottery. There is a corresponding lack of information about the many losers. In addition, a great deal of informal information is available concerning winners, for example, rumours that someone in the neighbourhood has won a million dollars. The experience of a small win, personally or by others, similarly informally

reinforces the hope of a win. The effect of all this information, formal and informal, is to crystallize public opinion concerning lotteries based on notions about what the purchase of a lottery ticket can do for you. The common wisdom becomes "if you can't make it in the world of work at least the state provides for all an equal chance to acquire material and social rewards in the lottery.

The most salient interpretation of these largely ideological consequences of state lotteries is that the chance ideology they provide displaces critical evaluations of the lack of opportunity in society. The fleeting hope that they may get lucky in the lottery may divert the attention of subordinate classes and groups (the relatively disadvantaged) from concerns with the real lack of opportunity and equality in society. It can be argued in this way that state lotteries, in their consequences, strike an ideological compromise with subordinate classes and groups thereby contributing to dominant class hegemony. Lotteries also have consequences at the level of the state.

The first and most obvious consequence of lotteries for the state itself is lottery revenues of much greater magnitude than originally predicted. While there must be some limit to this trend, in 1984 lottery revenues continued to grow and are doubtlessly an important source of revenue for provincial governments in financing their costly functions in society. Of much greater significance, however, is the manner in which the state spends lottery revenues. In order to justify lotteries as

"appropriate" activity for a liberal-democratic state, states tend to justify them in terms of "good public causes". In this way it is implied that state lotteries are in the "general public interest". In some cases lottery revenues are earmarked for sports, cultural and recreational projects. Studies show however that not all members of society benefit equally from such activities. A relatively small number of middle and upper middle class people benefit most, while the relatively disadvantaged, those who buy most of the lottery tickets and provide most of the lottery revenue, benefit least. Women and the elderly were overrepresented among those who benefit least from these projects but are overrepresented among low-income earners, i.e., the relatively disadvantaged. In the case of lottery-sponsored activities of a "cultural" nature the state gains the approval of the better-educated who already possess the cultural capital to appreciate such matters and who further increase their cultural resources by engaging in such activities. At the same time these cultural activities reinforce and legitimate cultural meanings which tend to elicit assent and encourage respect for the social order by subordinate classes and groups (Swartz, 1977: 547). In other words, lottery revenues earmarked for sports, recreation and in particular culture contribute to dominant class hegemony and tend to justify the state's involvement there-in.

The remainder of lottery revenues, for some provinces all lottery revenues, go into general government revenue and are distributed by their political leaders. It is common practice

to publicly announce the destination of at least some of this lottery revenue, suggesting that this money also is spent on "good public causes". In fact, even where lottery revenues are spent on items such as health and environmental projects, they tend to simply shift the financial burden of already existing government responsibilities to lottery players, the majority of whom, we argue, are the relatively disadvantaged, assisting the state in the creation of hegemony.

One aspect of the state's part in creating hegemony is reflected in the trend for lottery revenues to be used as a source of political patronage by governments of the day and their incumbent ministers. Both through spending by lottery corporations on operational costs and through the distribution of lottery revenues, lotteries are instrumental in persuading some fractions of the capitalist class, as well as some members of the middle and upper-middle class, of the desirability of the status quo. This compliance has, in some cases, a material basis in business contracts and government grants. Limits to the use of lotteries by the state, both as an ideological intermediary and a source of revenue and political patronage are unclear.

Given the nature of the state in advanced capitalist society, we argue that it tends to internalize the conflict between classes and groups within its own structure. We observed in the case of Ontario, that there is a conflict within the state, in relation to lotteries, between the profit-making goals of O.L.C. and the interests of the economically and

socially deprived as "represented" by the Ministry of Community and Social Services. The concern of the latter is with the negative effects of compulsive gambling. Similarly private, illegal and fraudulent operations recently discovered in connection with state lotteries may bring their existence into question. Should conflicts of this sort become more apparent, the legitimacy of the state's involvement in lotteries could be undermined. If history repeats itself, however, the interests of the relatively disadvantaged in society are likely to be "made accordant" with dominant class interests. Treatment of compulsive gamblers, for example, is a more likely scenario than abolition of state lotteries. The Romans observed that the masses could be bought off politically with "bread and circuses". Since this research was completed, the federal government is in the process of conceding the right of "gaming" to the provinces. The provincial governments are likely to introduce sports pools, video games, casinos and other hitherto unimagined circuses in exercising their hegemonic leadership and in their search for revenues.

Appendix 1

Data on the Prize and Game Structure of
Canadian Lotteries

Table 1

1982 Game Structure of Canadian Lottery Corporations

Lottery Corporation	Games	Ticket Price	Frequency of Draw	Major Prize
Ontario Lottery Corporation (O.L.C.)	Wintario	\$1.00	Weekly	\$100,000
	Lottario	\$1.00	Weekly	Variable (\$1-2 million)
Loto-Quebec (L.Q.)	Mini-Loto	.50	Weekly	\$50,000
	Inter-Loto	\$2.00	Bi-weekly	\$250,000
	La Quotidienne	.50	Daily except Sunday	Wager x 450
	6/36	\$1.00	Weekly	Variable (\$1-2 million)
	Loto-Select	.50	Weekly	Wager x 45
	Instant	\$1.00	4 x yearly	\$10,000
Western Canada Lottery Foundation (W.C.L.F.)	Wintario (or Western Express)	\$1.00	Weekly	\$100,000
Atlantic Lottery Corporation (A.L.C.)	A-Plus	\$1.00	Weekly	Variable
	Loto 50	.50	Weekly	\$50,000
Interprovincial Lottery Corporation (I.P.L.C.)	Provincial	\$5.00	Weekly	\$500,000
	Super Loto	\$10.00	Monthly	\$1 million
	Lotto 6/49	\$1.00	Weekly	Variable (\$2-3 million)

Source: The data in this table are drawn from 1980-81 Lottery Corporation Annual Reports, Game Fact Sheets and similar types of information published by O.L.C., L.Q., W.C.L.F. and A.L.C.

Table 2

July 25, 1981 Lottario Structure

Draws Weekly	Prizes	Approximate Chances of Winning	Total Sales (9000)	Total # of Prizes	Total Value of Prizes
Jackpot	Shared	1:3,260,000	3,561.5	137,794	1,780,725.
Second Pool	Shared	1: 543,000			
Third Pool	Shared	1: 16,979			
Fourth Pool	Shared	1: 411			
Fifth Pool	Fixed(\$5)	1: 30			
Early Bird	Shared (\$50,000)	1: 5.500			

Source: O.L.C. Lottario Fact Sheet, Dec. 1982: L4, L6.

Table 3

Approximate Chances of Winning in Super Loto (1982)
(Based on 2.4 Million Tickets)

Draw Prizes	Number of Prizes	Chances of Winning	Instant Prizes**	Number of Prizes	Chances of Winning
\$1 Million	4	1:600,000	\$10,000	6	1:400,000
\$100,000	5	1:480,000	\$1,000	30	1:80,000
\$50,000	Up to 8*	1:400,000	\$100	1,200	1:2,000
\$5,000	Up to 88*	1:27,906	\$10	19,800	1:121
\$500	864	1:2,777	Free Ticket	480,000	1:5
\$100	8,640	1:277			
\$10	86,400	1:27			
Total				597,041	1:4

Source: Super Loto Fact Sheet, Dec. 1982: s4.

- * The number of prizes in these categories varies according to the digits in the winning numbers.
- ** Instant prizes, in the form of cheques and free tickets are contained in ticket pouches sold.

Table 4

Selected Wintario Games Changes

Date	Number & Size of Prizes	Total Number of Prizes	Chances of Winning Something	Number of Tickets (000's)
May 1975	1 x \$100,000 \$10,000 \$1,000 \$100	2,160	1:1,000	2,160
Nov. 1979	4 x \$100,000 16 x \$25,000 36 x \$5,000 80 x \$1,000 1,560 x \$100 19,600 x \$10 200,000 x Win'fall**	221,296	1:18	4,000
April 1982	5 x \$100,000 10 x \$10,000 90 x \$5,000 100 x \$1,000 2,400 x \$100 1,650 x \$50 29,000 x \$10 250,000 x Win'fall Snowball***	283,255	1:17.6	5,000

- * Relative numbers of minor prizes not available for 1975.
- ** Win'fall is a book of 5 free tickets (Value \$5.00)
- *** Snowball prize starts at \$100,000 and grows until drawn.

Source: O.L.C. Wintario Fact Sheet, Dec. 1982: W8-W9.

Table 5

1982 Wintario Price Structure

Prize Value	Number of Prizes for 5 Million Tickets	Chances of Winning*
\$100,000	5	1:1,000,000
10,000	10	1: 500,000
5,000	90	1: 55,556
1,000	100	1: 50,000
100	2,400	1: 2,083
50	1,650	1: 3,030
10	29,000	1: 172
Win'fall	250,000	1: 20
Total	283,255	1: 17.6

*Tickets are issued in blocks of one million numbered consecutively from '000,000' to '999,999'. Chances of winning are based on 1 million tickets sold. The average number of tickets for a draw is 5 million.

Source: O.L.C. Wintario Fact Sheet, Dec. 1982: W5.

Table 6

Prizes in Weekly Provincial Draw (1982)

Type of Prize	Prizes	Number of Prizes
Draw Prizes	\$500,000	1
	\$ 50,000	5
	\$ 1,000	54
	\$ 100	540
	\$ 25	5,400
	\$ 10	54,000
Total		60,000
Instant Prizes	\$5,000	6
	\$ 500	36
	\$ 50	4,806
	\$ 5	48,006
	Free Tickets	240,000
Total		292,854
Total Prizes (Draw and Instant)		352,854

Source: O.L.C. Provincial Fact Sheet, 1982.

Appendix II

Selected Examples of O.L.C Advertising and Ticket Design

Figure 1

JACKPOT!
\$409,751.90
...AND GROWING!
 Saturday,
 February 16, 1980

5	22	29	30	32	33	BONUS NUMBER	20
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ABOVE REGULAR NUMBERS WIN IN ANY ORDER

PRIZES	No OF WINNERS	PRIZE VALUE
JACKPOT 6 out of 6	0	\$409,751.90
2nd PRIZE 5 out of 6 plus bonus	2	\$49,082.80
3rd PRIZE 5 out of 6	49	\$4,008.20
4th PRIZE 4 out of 6	3,156	\$62.20
5th PRIZE 3 out of 6	54,029	\$5.00
TOTAL	57,236	\$1,170,767.50

NEXT DRAW
 Saturday, February 23, 1980

LOTTARIO

Figure 2

LOTTO
6/49

**NEXT WEEK'S
 JACKPOT**
\$10,400,000
 (ESTIMATED AMOUNT)

The \$1 game with a growing jackpot never less than \$1,000,000.

1	17	18	24	29	48	BONUS NUMBER	34
ABOVE REGULAR NUMBERS WIN IN ANY ORDER						APPLIES TO 2nd PRIZE ONLY	

PRIZES	NO. OF PRIZES	PRIZE VALUE
JACKPOT 6 out of 6 Reg. Numbers	0	\$8,813,049.70
2nd PRIZE 5 out of 6 plus bonus	19	\$212,902.30
3rd PRIZE 5 out of 6	494	\$2,264.90
4th PRIZE 4 out of 6	31,807	\$67.60
5th PRIZE 3 out of 6	600,330	\$10.00
TOTAL PRIZES	632,660	TOTAL PRIZE VALUE \$22,130,607.20

Entries for each Sunday draw can be made up to 1:00 p.m. Saturday.

Next Draw SAT., JANUARY 12th, 1985

Source: O.L.C., 1980 (for
 advertising purposes).

Source: Ottawa Citizen,
 Jan. 7, 1985.

Figure 3

WINTARIO—TWICE THE FUN FOR A BUCK

TWICE as many prizes! TWICE as many chances to win!

Now, a new WINTARIO—Win twice as many prizes every two weeks!

Beginning with this February 1st, there are thousands of new prizes—and new ways to win—and it still costs just \$1 to play.

Some things are just too good to change—so your WINTARIO tickets still give you five big chances at \$100,000. And there are still prizes at \$10,000, \$1,000, and \$100—just like always.

But now with WINTARIO there are \$10 prizes—and there are three ways to win \$10 on every winning number drawn! If you match the first three, middle three, or last three digits of any of the winning numbers, you're a \$10 winner.

And, what about Wintario prizes? You can still win five WINTARIO tickets for the next draw, but now, all you have to do is have the last two digits on your ticket the same as a special two digit Win Fall number which will be drawn every two weeks during the regular WINTARIO draw.

It's all adding up to twice as many prizes—giving you twice as many chances to win!

Source: O.L.C., Lottery News, Vol. 5, Issue 1, Jan. 18, 1979.

Figure 4

An Example from One Series of Wintario Tickets in 1979

Source: O.L.C., Wintario Fact Sheet, 1979.

Figure 5

A 1980 Example of a Super Loto Ticket and Ticket Pouch

Super Loto Ticket Pouch

Super Loto Ticket

Source: O.L.C. Super Loto Fact Sheet, 1980.

Figure 6

A 1978 Example of Provincial Lottery Ticket

Source: O.L.C., Lottery News, Vol. 4, Issue 3, Aug. 28, 1978.

Appendix III

The Loto Canada Data

The Loto Canada Data

The Loto Canada data used in this thesis were drawn from Annual Reports, supporting memos and documents and three studies of participants carried out for Loto Canada, as they existed in the Loto Canada Library prior to the dissolution of the federal corporation in 1979. A short methodological description of the three studies follows.

1. The Gallup Omnibus Study, May, 1978

This survey was carried out as part of the Canadian Gallup Poll. It consisted of telephone interviews of an across Canada sample of 1,052 adults, 18 years of age and over. They were asked if they had purchased a Loto Canada ticket since the last draw (April 2, 1978). Three hundred respondents (28.5% of the sample) said that they had. The data on income, education and occupation of Loto Canada participants in Table 1, Chapter 5 were drawn from this study.

2. Prices and Politics, April 18, 1978

Four hundred in-depth interviews were carried out in homes in urban centres having a population of 30,000 or more. Heads of households only were interviewed (50% male and 50% female) in the last two weeks of Feb. 1978. Interviewers investigated the reasons affecting both purchase and non-purchase of lottery tickets, as well as demographic characteristics of respondents. Information was gathered on Loto Canada, Provincial and the two \$1 lotteries then in existence, Wintario and Western Express.

3. Ultra: A Report on Two Group Discussions, Nov. 1977

This study researched the feasibility of a higher priced "limited edition" lottery (\$50 or \$100 ticket). Two groups were interviewed. One group consisted of males with personal incomes in excess of \$35,000 per year, at least half of whom had spent at least \$10 on lottery tickets in the past four months. The other group included non-lottery buyers who had "no moral objection" to lotteries. In addition, the "ultra" concept was briefly explored with five other groups of respondents at a "somewhat lower socio-economic level".

2

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