

# Lottery's Past Prominence Reborn With New Passion

Over pancakes or on the bus, millions of Americans are flipping through their morning papers, not for the latest news, but to learn if they are still among the working class. For a very lucky few, like Michael Yang and Lydia Neufeld who each recently won \$17.4 million in the California Lottery, sleeping late can swiftly become a rush-hour option.

From Pick-6 to instant scratch-and-win, Americans spent more than \$18 billion last year betting the numbers in 34 states and the District of Columbia. Since 1987, 11 states have jumped aboard the lotto-train, eager to tap the millions their residents were taking across state borders to play lotteries in other jurisdictions. For many households, the dreams that a dollar buys in the lottery are now purchased along with milk and eggs from the corner grocer.

America's current bout with lotto fever, however, is more the courting of an old flame than a new infatuation. In 1826, Thomas Jefferson sagely described the lottery as "a tax...laid on the willing," namely, "those who can risk the price of a ticket without sensible injury for the possibility of a higher prize."

Hall," which had been destroyed by fire in 1761. Tickets sold to finance a road over the Cumberland Mountains in Virginia in 1768 bore the signature of George Washington.

In early America, lotteries appear to have been viewed more as akin to charitable contributions for public purposes, Charles Clotfelter and Philip Cook, professors of public policy studies and economics at Duke University in Durham, N.C., write in the book *Selling Hope: State Lotteries in America*.

Lotteries "were not regarded at all as a kind of gambling," Clotfelter and Cook say. "The most respectable citizens were engaged in them." Buying a lottery ticket "was looked upon as a kind of voluntary tax. As with church raffles and bake sales today, the objectives were lofty, the organizers were volunteers, the customers were willing."

During the Revolutionary War, a time when the newly formed states had no central government, the Continental Congress authorized a lottery in 1776 to raise \$1 million for a federal army. Although the lottery offered prizes of \$20 to \$50,000, winnings over \$50 were

than a single large jackpot, early lotteries divided their prizes among hundreds and sometimes thousands of winners. Drawings sometimes dragged on for weeks, with the lottery's organizers holding the largest cash prizes until the end to sell more tickets.

"There was increasing evidence of fraud and dishonesty," Clotfelter and Cook note. "Drawings were sometimes delayed, and in some cases, managers defaulted entirely on their obligation to award prizes. Outrage at lottery abuses grew, drawing support from the larger ferment of social reform in the United States."

Lotteries peaked in popularity in the early 1830s. In 1832, ticket sales in Philadelphia, then the country's largest city with a population of 200,000, brought in about \$1.5 million. For the eight state lotteries in operation that year, sales totalled more than \$53 million, or 3 percent of the national income.

"This is an astounding figure," Clotfelter and Cook say, "yet one which must be taken with several grains of salt" due to the sketchy information available on the state

of the young nation's economy.

By 1860, only the Delaware, Missouri and Kentucky lotteries were still in operation. Yet gamblers, too, abhor a vacuum.

Out of the ashes of the Civil War, the Louisiana Lottery rose to national prominence to become one of the largest and most notoriously corrupt lotteries ever, enjoying a

25-year monopoly in America during the postwar years. Through media manipulation and political payoffs, it raked in \$2 million a month.

Agents for the Louisiana Lottery could be found in every city in the United States. Tickets were distributed through the mail. Monthly drawings promised prizes

up to \$250,000, and twice-jackpots reached \$600,000. President Harrison and Congress finally prohibited the interstate transportation of lottery tickets in 1890 — in response to public outcry — the gigantic Louisiana Lottery staggered and died.



Smithsonian News Service Photo courtesy of the Library of Congress

This 1856 illustration shows the drawing for a lottery to benefit Georgia's Fort Gaines Academy. With 15,190 winners and prizes ranging from \$4 to \$20,000, drawings sometimes lasted weeks.



Smithsonian News Service Photo courtesy of the Montana Lottery

The media hype surrounding million-dollar winners helps sell more lottery tickets. Thirty-four states and the District of Columbia now run their own lotteries.

Near the century's close, president Benjamin Harrison angrily condemned lotteries as "swindling and demoralizing agencies." Congress banned lotteries altogether in 1894. They vanished for nearly three-quarters of a century before resurfacing in 1964 with the New Hampshire Sweepstakes.

Because lotteries were absent from the American scene for the better part of this century, their role in early America is frequently overlooked. But tucked away in a shoebox-size container in the Smithsonian Institution's National Museum of American History in Washington, D.C., is a small collection of vintage tickets, which tell, in part, the lottery's past prominence as a passion in the United States.

Despite their oft-challenged reputation, "lotteries helped fund a number of worthy public projects in the early years of American independence," Lynn Vosloh, a museum specialist in the Division of Numismatics, says. "Today, the old tickets are extremely scarce."

The lottery tickets in the museum's collection are housed with hundreds of thousands of pieces of paper money and financial documents dating from the 17th century, representing nearly every region of the globe. Vosloh and other numismatics experts at the museum are responsible for the study and care of this collection, used by scholars from around the world.

Lotteries were introduced to America as early as 1612 in an authorized drawing to help finance the Virginia Co.'s Jamestown settlement. Lotteries were also commonly used in the Colonies to dispose of parcels of land and property too large for an individual to buy. Promotions for drawings often consisted of torchlight processions.

In the Revolutionary War era, taxation had a notorious reputation in America. As a result, badly needed roads, canals, wharfs, prisons, bridges, churches, schools and hospitals were frequently financed by city and state governments through public lotteries. One of the oldest lottery tickets in the Smithsonian's collection was issued in Boston in 1769 for "Rebuilding Faneuil-

to be paid in treasury bonds, redeemable in five years. It flopped.

Dartmouth, Harvard, Yale and William and Mary all used lotteries at one time or another to raise money for buildings or to meet expenses. In 1797, the corporation of Rhode Island College (now Brown University) sold 9,000 tickets at \$6 each in a lottery that offered \$46,000 in prize money. States authorized lotteries to foster needed industry, such as grape growing, glass blowing and cotton manufacturing.

"It is evident from the number of religious organizations that benefitted directly from lotteries that organized religion, for the most part, had no real objection to them," Clotfelter and Cook write.

"Between 1790 and 1833, for example, Pennsylvania authorized 50 lotteries to benefit church groups, including Lutheran, Presbyterian, episcopal, Reformed, Baptist, Catholic, Universalist and Jewish congregations." The Quakers sat out the lottery craze.

Despite their respectability, lotteries have always had their critics. In 1699, a handful of Boston ministers condemned lottery agents as "pillagers of the people." Nearly a century later, the governor of Massachusetts declared lotteries bad for the morals of the people and urged that these games of chance be abolished.

Abuses also existed in the lottery system. Contractors sold tickets at excessive markups. Small wagers, known as "insurance," were sold on the chance that a ticket would or would not be drawn. Some unscrupulous men traveled from city to city, setting up unauthorized lotteries to line their own pockets.

In response, some states struck back. A death penalty was authorized in Rhode Island for those issuing counterfeit tickets in the congressional lottery of 1776. In North Carolina, an offender might be pilloried, have an ear nailed to the stocks and then cut off, be given 39 lashes and, finally, be tossed in jail.

As lotteries swept the nation in the early 1800s, specialized firms were enlisted to run them for the states. Lottery promotions became aggressive, ticket brokers proliferated and widespread corruption soon followed. Rather

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