

# CRITICAL gambling studies



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## Book Review

**Kasey Henricks and David G Embrick. (2020). *State Looteries: Historical Continuity, Rearticulations of Racism and American Taxation*. Routledge. 220 pp. ISBN: 9780367596170 (paperback)**

I am delighted to contribute this review essay to a special issue focused on defining and demonstrating the difference that *critical* gambling studies (Nicoll et al., 2022, this issue) seek to make within academic and policy conversations about gambling. *State Looteries* is an important new monograph within Routledge's *Advances in Sociology* series which uses the lens of critical race theory to provide an original and incisive account of how racial politics have driven and sustained lotteries in many American states since the 1960s.

One of the most immediately striking characteristics of the book is how it weaves together empirical case studies using historical and quantitative research methods, with a forceful argument channeled through memorable titles and subtitles. Our attention is immediately grasped with punning titles like "looterries" and intriguing subtitles like "What does white backlash have to do with tax revolts?" and it is sustained by careful analysis of evidence about the racial origins, forms and functions of taxation in America. Two generations of "culture wars" have seen radical traditions of scholarship reduced in the public sphere to slogans like "the personal is political" or "the point is not to describe the world but to change it". Unfortunately, such slogans sometimes reappear within mainstream gambling research to support distinctions between research that is scientific and objective – on one hand – and research that is deemed subjective and politically biased – on the other. *State Looteries* does a great service to researchers and other readers by demonstrating that empirically sound, methodologically transparent, and clearly communicated research on gambling can be folded into bold political arguments about social injustice.

**The preface** of the book situates both authors as racialised individuals and colleagues working within a tradition of public sociology. The topic of lotteries became the focus of the first author's undergraduate and graduate studies as part of a reflexive project to unpack intersections of race and class shaping his identity (and opportunities) as a working-class white man growing up in the South. For David G. Embrick, the book's second author, the study provided an

opportunity for mentorship in the tradition of his own graduate supervisor and author of the book's **foreword**, Eduardo Bonilla-Silva. An influential sociologist of race, Bonilla-Silva introduces the project's significance with reference to his "racialised social systems" approach to new racisms of America which challenged prevalent theories of "post-racism" that took hold in the years of the Obama presidency. Noting the book's contribution to the emerging fields of economic and financial sociology, Bonilla-Silva positively appraises its empirically rigorous investigation of racial dimensions of state lotteries both historically and in the present.

**The introduction** begins by asking readers to consider a big question: "how far has America come on the issue of race?" (p. 21). Examples of current racialised policies and practices frame a disturbing recount of the death by police shooting of teenager Michael Brown in 2014 in Ferguson. While this – together with subsequent police shootings of other unarmed Black citizens – forms the popularized face of white supremacy, the authors ask us to consider much less obvious and visible limits to America's racial reckoning. Specifically, they point to the role of revolts against property taxes and processes of "urban renewal" through tax concessions to developers and large corporations, as well as anti-welfare and "minority entitlement" discourses in creating a severe underfunding of services available to racial minorities. They show how the success of anti-taxation campaigns made Ferguson – a city with a Black majority population – heavily dependent on fines and fees to address an ongoing municipal fiscal crisis. The divergence between rates of arrests, warrants, fines and welfare-withholding between Black and white communities of Ferguson demonstrates how "the disadvantages confronting people of color are systematically interconnected with advantages afforded to whites" (p. 25). Having established the financial incentives that encourage over-policing of Black citizens, the authors re-present the tragic death of Michael Brown as being equally connected to taxation as to the violent acts of white police employees. Enter the state lottery. Uniquely situated at the intersection of private enterprise and



government regulation, lotteries emerged as an acceptable way to increase tax revenues while extracting further revenues, with Black consumers disproportionately targeted by advertisements and other forms of gambling promotion.

**Chapter one** focusses on how tax rebellions in American history have constructed a particular role for lotteries, both within the tax code and within communities from which revenue is raised. W.E.B. Du Bois was the first to identify and criticize the role of taxation in enabling white citizens to hoard wealth while blaming their Black counterparts for excessive government expenditures at the turn of the twentieth century. The period following Reconstruction in the South saw a series of "Redemption" policies to effect Black voter suppression after which reforms to the tax code were made to privilege white property owners. From the late 1960s, discourses of "reverse discrimination" were being used to restrict public goods available to Black citizens, including education and government grants (p. 33). In this process, "tax revolt" became a euphemism for "mad as hell" white folks (p. 34). The depth of ties between tax reform and racial governance in America is established with reference to detailed examples of the accounting of slaves as economic units by abolitionists and their opponents.

The unique role of lotteries as the "most beloved" tax – compared to the dreaded property tax – precedes an elaboration of the role of race in tax law and the need for rigorous research to excavate its consequences:

Though seemingly non-racial, the lottery tax represents a state-sanctioned apparatus of racial domination that occurs through legal codification of taxation. The colorblind language of these codes has the potential to render these practices as overlooked, and perhaps even invisible [but] they nevertheless serve as an effective social control mechanism that maintains asymmetrical power relations between racial groups. (p. 45)

**Chapter two** is a critical review of how a sparse field of lottery studies has attempted to account for the indispensable revenue provided by lottery taxes to states. The low profile of lottery studies is aided by states' reference to those involved as "players" and "consumers" rather than tax payers (p. 47). The authors identify several themes in the existing lottery research: bipartisan political support, its role as a "band-aid" for revenue strapped states, its promise to consumers as a means of "keeping up with the Joneses", and pathologizing discourses which position racialised consumers with reference to cultural, social and intellectual deficits. Another strand of research is characterised as "lotteries as opium of the masses", a promise of escape from toil and grinding poverty. Several lottery advertising campaigns are cited to illustrate this theme. While some scholars explore the

"rush" or mystical experiences generated by gambling, others consider its role as an everyday social practice that brings people together, through syndicates and work-based competitions, for example. Another group of scholars follows the money trail to identify who plays lotteries and to support or contest arguments about its regressive properties as a form of taxation. The authors also consider research that suggests lotteries are an "anti-Robin Hood" tax which extract from the poor to return wealth to the rich. They also note methodological limitations of studies that attempt to precisely identify the involvement of specific populations in lottery consumption. The chapter convincingly establishes a gap in the existing lottery literature which requires closer attention to institutional racism.

**Chapter three** examines the historical emergence of state lotteries from the 1960s (having been banned for over 70 years previously in the United States) through a racial lens. The authors investigate how rhetoric of "free choice" and equality of opportunity, that would later mark a neoliberal political order, masked the anxiety and anger of white majority populations faced with civil rights interventions in education, employment and housing. This white backlash took the apparently neutral form of protests against government intervention into abstract values, particularly private property and individual rights. During the Reagan presidency, taxation became an emblem of the welfare state and government overreach more broadly. Lottery revenues became an acceptable way of assimilating taxation into a white racial system of governance that represented minority "welfare queens" as a drain on the resources otherwise available for white people's enjoyment and advancement (p. 78). Subsequent decades have seen a "permanent tax revolt" against programs developed from which racial minority populations might benefit, together with policies designed to reduce taxation on white property owners. From the late 1970s, working class white homeowners who previously supported equality and redistributive social expenditure began to find common ground with middle class and elite white counterparts leading taxation revolts in California and, subsequently, across the nation. The public sector layoffs that followed disproportionately impacted Black and Latina/o employees and decimated public health and education services which previously served minority communities. By the 1980s the lottery appeared as the most effective way to plug the fiscal hole opened by property tax reductions in many states. This development is the catalyst for four questions that are investigated in the following chapter:

"what is the general nature of lottery operations, how much money do lotteries contribute to the state, which public services do they finance, and [...] from whom does this money come?" (p. 96).

**Chapter four** considers the powerful appeal of state lotteries – notwithstanding consumers’ odds of winning being comparable to being struck by lightning while being eaten by a shark! (p. 102). As one of the most popular forms of gambling, lottery tickets extract between around \$40 and \$800 dollars per person across the states which offer it, with an average of \$247 per capita sales (p. 103). While approximately 5% is spent on operations and just over half is returned to winners, a significant amount remains for states to spend on an array of public services. In addition to passive sweepstakes in which tickets are drawn weekly or daily, scratch-off tickets, daily numbers games and lotto are offered in different American states. Each lottery has different patterns of probability, jackpot accumulations and return to players. States also differ in the extent and ways that they earmark gambling revenue for specific expenses such as scholarships, arts or hospital funding, as well as the proportion allocated to problem gambling prevention, treatment and research. The authors’ analysis of state records found that the majority of states allocate funding specifically for K-12 education. This is not coincidental since education is a public service that has been an intense site of social justice struggles against racism in America (p. 117). While producing an accurate analysis of who plays the lottery is methodologically challenging, the authors found that weekly players lose the most money on their purchases. Binary logistic models generate an estimate that Black and Latina/o players are over one and a half times more likely to be frequent lottery players than whites (pp. 121-124). While household income is difficult to correlate to lottery expenditure, years of completed schooling form another important variable, as do age and gender. And proximity to lottery vendors makes people one and a half times more likely to play weekly (p. 125). This analysis confirms lotteries’ regressive status as a tax, supporting the authors’ argument:

Since the proliferation of state lotteries throughout the nation, black and brown tax dollars have steadily displaced white tax dollars. Then this money becomes spread across all groups who benefit from public services. What makes this process so pervasively insidious, however, is that it is accomplished in ways that are institutional, covert, and racial in almost every way but name (p. 127).

**Chapter five** presents a case study of the Illinois state lottery to further test the thesis above. It examines the process through which failing revenue was restored and amplified by a process of “renewal” which, in turn, mined a pre-existing infrastructure established by illegal gambling prior to legalization (p. 129). The authors show how a crisis in education funding in the early 1970s became the pretext for introducing the lottery which was also politically rationalized as a means

to curb illegal gambling. To this end, the Illinois lottery appropriated the form of illegal “numbers” and “policy” games played in predominantly Black neighborhoods in Chicago and advertised them as a way to escape poverty. Government budget allotments for education then declined and lottery revenue was redirected to general funds until amendments to the lottery law in 1985 required earmarking expenditures. Even after this, funding earmarked for education did not rise to the levels needed due to declining revenue from income, property and corporate taxes. Notwithstanding the persistent crisis in education funding, savvy PR campaigns enabled politicians to frame lottery proceeds as the saviour of needy schools. A forensic analysis of proceeds from the 2000s demonstrates that, while the lottery did contribute substantially to Illinois schools, most of the money was generated in Chicago’s metropolitan area where predominantly non-white communities are based. Linear regression is used by the authors to demonstrate how race is entangled with other variables and shows a clear flow of K-12 educational resources from communities where lottery taxation is generated to racialised communities that contribute least. While the distribution of educational funds *appears* to be allocated progressively so that impoverished and *de facto* segregated districts are supported more than wealthy ones, the reality is very different because it doesn’t count the higher volume of revenue that racially marginalized communities contribute to the tax base via lottery expenditure.

**Chapter six** concludes the book’s argument by considering the role of media representations in veiling the lottery taxation behind a façade of fun and fantasy linked to ideological articulations of the American Dream. The authors connect the paradox of gambling’s invisibility as tax to the invisibility of gambling’s dependence on racial systems of governing state economies. They see lotteries also as symptomatic of deeper problems within a social theory where some populations are framed as problems with issues that need to be fixed and others are imagined as normative citizens whose rights to social goods lie beyond the scope of critical investigation. The last part of the chapter demonstrates this normalization of inequality through an analysis of the tax subsidies that encourage home ownership in American lottery states.

Zooming out beyond the lotteries that have been the book’s focus hitherto, the **postscript** imagines several ways that lotteries could become part of a more progressive and anti-racist tax regime. The authors begin by calling readers to acknowledge and address the dangerous fiction of a post-racial America and for lottery purchases to be made publicly visible as taxes. They also call for a shift from “welfare racism” that benefits predominantly white home owners to a “wealthfare anti-racism” where equality becomes the value guiding tax policy design. Several examples are offered of how state lotteries might be adapted to advance social equality rather than to further erode it.

Districts from which tickets are primarily purchased could receive a larger share of revenue, for example, and transparent earmarking would enable citizens to evaluate and challenge government expenditure of lottery revenues. Other ways of minimizing racialised tax transfer include changing the lottery games to those more popular with wealthy and high-income players and identifying and directing funds to communities which are most in need of expenditure on schools and other public services. They point to the relative sustainability of lottery revenue in comparison with the irregular funding injections of non-government and corporate investors who support community building in poor districts. And they call for *responsible gambling* measures to be supported by *responsible advertising* policies. The final paragraphs situate these recommendations for lottery tax reform within a broader and diverse coalitional politics of anti-racism in America.

I hope I have shown how *State Lotteries'* careful and critical study of intersections between finance, taxation and gambling makes visible the racial origins and consequences of state lotteries in America. Beyond this achievement, its strong and lucidly defended political stance is a corrective to the temptation in academic life to conflate passion and self-reflexivity with bias and the passive voice with objectivity and disinterest. This highlights the need for more critical research that situates investigators within past, present and future systems of distributing and redistributing the social and material costs and benefits of state gambling regimes.

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