

The ethics of lottery assignment

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The Ethics of Lottery The following is an ethical criticism of lottery advertising. It will be argued that such campaigns often promote with misleading information, they epitomize government hypocrisy with respect to the ' purpose' of lottery, and lastly, they internationally target the poor and vulnerable community to stimulate volume sales. The concept of lottery advertising will also be applied to an ethical framework to support what is argued.

The Promotion of State Lotteries: In the following section, various issues related to the content of lottery advertisements will be briefly discussed, as well as how they often violate a couple of specific ethical tests. Errors of Commission¹: the content of many lottery advertisements create a false belief in the mind of the consumer. Ads typically present the concept of lottery as a miracle financial remedy or a quick fix to poverty. The content of the ad, for example " think what you could do with mass millions", ² as well as the location of the ad itself (usually poor living quarters) follow that purpose.

Anti-Work Theme: Lottery also discourages work, which is detrimental to society and ultimately, the economy. In effect, lottery promotions illustrate a life in which you can earn substantially without working, often denigrating those who are forced to work for a living. ³ This idea can- and will likely impair economic growth in the long-term. Social-Washing: Finally, lottery advertisers are often accused of " social-washing" their campaigns. ⁴ Many of their advertisements exploit the charitable aspect of the lottery to motivate sales.

An example is the emphasis of the contribution made to education, when in reality; lottery revenues are often used for other funds. 5 Using slogans like “Our schools win, too” (California lottery) are an attempt to socially wash the consumer into trusting misleading information. Russo, J. E. , B. Metcalf and D. Stephens (1981) “ Identifying Misleading Advertising”, Journal of Consumer research, Sept. Smith, N. C. , & Lee, R. , The Massachusetts Lottery. Harvard Business School p. 7, Exhibit 1 Advertisement for Mass Millions 3 2 Karcher A. J. 1989) in Lotteries, “ Work is always shown as something that lacks dignity and purpose. Work in those ads, is Smith, N. C. , & Lee, R. , The Massachusetts Lottery. Harvard Business School p. 7, Exhibit 1 Advertisement for Mass Millions 3 Karcher A. J. (1989) in Lotteries, “ Work is always shown as something that lacks dignity and purpose. Work in those ads, is depicted to as menial, unfulfilling and unrewarding” 4 Smith, N. C. , & Lee, R. , p. 4 (end) and beginning of p5 5 (<http://www.religion-online.org/showarticle.asp?title=762>) 2 1

Errors of Omission: By intentionally omitting the odds of winning, lottery advertisers are also guilty of abuses of omission. The intention is to convince customers that they can get rich quickly and easily, whereas, in reality, the odds of winning a cash-prize are miniscule. 6 Because of the complexity of current lotteries, providing odds information would still not allow customers to make completely informed decisions, even for well-educated players. 7 Essentially, advertisements intentionally omit pertinent and crucial information to lure volume sales.

This is largely because many marketers know that when adequate and complete information regarding the expected value of a lottery ticket is

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presented to consumers, fewer tickets would be sold. 8 Ethical tests: The special obligations test: The National Association's Code of Ethics implies a specific series of 'special obligations' with which all lottery advertisements must comply. In effect, advertisements are meant to communicate truth and value, abide by standards of good taste and behaviour, avoid greed and avarice, avoid exhortations to bet, and provide full disclosure.

However, today, many of these ads fail to comply with this principle. Lottery campaigns often withhold the complete truth, do not use good taste when communicating the charitable aspect of their games, and do not provide full disclosure of the actual odds of winning. Therefore, it can be said that lottery advertisements fail the special obligations test of ethical reasoning. 6 Smith, N. C. , & Lee, R. , p. 6 " The odds of winning the smallest price (\$2), were one in 47; the odds of winning the jackpot were one in over 9 million. 7 J. M. Stearns and S. Borna, p46, " Providing the odds of winning each sum would be over saturating the customers with information, such that it is no longer useful. What should be provided to customers is the expected value of every ticket purchases" 8 J. M Stearns & S. Borna p50, " fewer tickets would be sold under most conditions if expected values were known" 9 Cohen, D. (1974) ' The concept of unfairness as it relates to advertising' and by Jacoby and Small in The FDA approach to defining misleading advertising.

The rights test: As mentioned prior, lottery advertisements create false beliefs and hopes, in the sense that they present lottery as a solution to financial problems meeting a criterion for deception. 9 Secondly, the verbal content, in this case the omission of the odds, exploits the false beliefs of the consumers meeting a second criterion for deception. Finally, lottery

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advertisements often modify consumers' behaviour so as to deceive them into purchase. When the true odds of winning are revealed, evidently, as per the slight chance in winning any cash-prize, ticket sales decline sharply.

Accordingly, advertisements that fail to disclose the actual odds of winning are intended to deceive the participant into believing a reasonable chance of return. To conclude, it can be inferred that the information??? or lack thereof??? provided by a lottery advertisement violates the consumer's right to information and their right of reasoned choice. Government Involvement in State Lotteries: In the following section, various purposes/objectives of government will be addressed, and the ways in which these objectives are violated will be examined, as well as other violations of ethical tests.

Target Market: The purpose of the legal game should be to attract current players, not to create new players. 10 In reality, most state citizens see lottery ads far more often than virtually any other message put out by the state. 11 This exemplifies the fact that the government is targeting potential customers, rather than current participants. Ignoring Legislation: The government has an obligation to regulate its own behaviour, as there is no other organization to ensure legal compliance. The government is willing to ignore its own legislation for the possibility of increasing revenues without increasing taxes. 2 The Federal 9 Jacoby, J. and C. Small, (1975) " The FDA approach to defining misleading approach", Journal of Marketing, verbal content is " what has actually been said and what has not been said if that which has been omitted is of direct relevance", Oct. 10 Smith, N. C. , & Lee, R. (1989). The Massachusetts Lottery. Harvard Business School, p. 2. 11 Smith, N. C. , & Lee, R. , p. 4. 12 Stearns, J. , & Borna, S. (1995). The ethics of <https://assignbuster.com/the-ethics-of-lottery-assignment/>

lottery advertising: Issues and evidence. *Journal of Business Ethics*, 14(1), 43-51.

Trade Commission regulates advertising in the private sector, yet the state lottery advertising is exempt from the FTC's regulations and subject only to the regulation of the state itself. 13 Ignoring Welfare of Citizens: Another objective of government is to improve the welfare of its citizens. 14 The way in which the government pushes the consumption of a product which is monopolized by the state is similar to the marketing of beer or cigarettes, yet the government dissociates itself from these types of products, even though they could lead to increased state revenue. 5 In fact, just like beer and cigarettes, lotteries can have harmful health effects, including addictive behaviour. 16 When the government promotes the lottery as a substitute for taxation, it neglects to mention that it is a regressive form of taxation. In effect, citizens with low incomes end up spending a greater percentage of their income on the lottery than more affluent players, as they are more likely to be enticed by the lottery promotions promising a solution to their financial struggles. 17 Ethical Tests: Every time the overnment fails to fulfill one of the objectives outlined above, it is in violation of the special obligations test. As the government is creating new players rather than targeting current players, it is violating the special obligations test. The government also has a special obligation to its citizens to abide by its self-established legislation regarding state lotteries, which is it violating. Ignoring its own legislation could also be considered a violation of the legal test, as well as the virtues test as a government which abuses its power does not enhance the ideal of a moral community.

Finally, the government is promoting a potentially harmful lifestyle through lottery advertisements, violating its special obligation to improve the welfare of its citizens.

Stearns, J. , & Borna, S. , p. 45. Levine, J. (2003). Still Amazing Funds? A look at the impact of the ban on advertising on the Massachusetts State Lottery. Duke University, p. 4. Retrieved from: <http://econ.duke.edu/uploads/assets/dje/2003/Levine.pdf>

Willimon, W. (1990). Lottery Losers. Christian Century, p. 48-49. Retrieved from: <http://www.religiononline.org/showarticle.asp?title=76216>

Stearns, J. , & Borna, S. , p. 45. Levine, J. , p. 7. 14 13 harmful lifestyle through lottery advertisements, violating its special obligation to improve the welfare of its citizens.

Promoting a harmful lifestyle also violates the duties test, specifically the duty of beneficence and non-maleficence. As gambling addictions can cause serious damages to its victims, the government is also violating the consequences test. Regressive taxation violates the justice test, as it leaves the poor worse off than the rest of society. Lotteries and the Vulnerable Market: Lottery advertising exploits the mind, as these campaigns promote an inaccurate chance of winning, and depict a dramatic life-style change for disadvantaged and vulnerable communities.

The Fantasy of Winning: The ‘ poor’ spend nearly 10% of their annual income on lottery games??? compared to the mere 0. 7% spent by the more affluent. 18 “ Some poor people see playing the lottery as their best opportunity for improving their financial situations, albeit wrongly so. “ 19 For instance, consider the Chicago lottery ad, which states, “ this could be your ticket out. “ 20 For a low-income household, this means a ‘ ticket out’ of poverty??? and this fantasy makes this ad extremely persuasive. It seems lottery marketers

specifically target this vulnerability, as the conversion of sales is presumably high.

It's inevitable; those who are poor wish to become wealthy; and the lottery appears to be the opportunity to do so. The Before-and-After Effect:

Additionally, the vulnerable community is also often lured by the 'before-and-after-effect' of winning a jackpot. As such, those who participate in lotteries tend to relate their current lifestyle to how their lives could change

by winning. Accordingly, though people who already enjoy a comfortable standard of living would certainly have their 18 19 20 Nadarajah, Sharmili.

(2002). The Lottery and the Vulnerable. Retrieved from: www.econ.ucn.edu/arc/2003/lott

Haisley, Emily. 2009). BUYER BEWARE, the lotto. Retrieved from: www.shn.dn.com/journals/archive/2009/ethics/219.htm

Smith, N. C. , & Lee, R. , p. 5. circumstances enhanced by winning the lottery, the difference between their pre- and postlottery-winning lifestyles would be less significant when compared to the difference for lowincome households. 21

Ethical Tests: The Justice Test: Lotteries, and the advertising they employ, are proven unethical when applied to the justice test of ethical reasoning.

For instance, as mentioned prior, the poor often spend far more on lottery games, proportionately, than their affluent counterparts.

This is largely due to the forced fantasy of winning that this type of campaign portrays. Consequently, the poor are drawn into this fantasy, and often make a financially unsound purchase in hopes of winning the jackpot and escaping their current predicament??? when realistically; they are only digging themselves deeper into debt. “ The hope of getting out of poverty encourages people to continue to buy tickets, even though their chances of <https://assignbuster.com/the-ethics-of-lottery-assignment/>

stumbling upon a life-changing windfall are nearly impossibly slim and buying lottery tickets in fact exacerbates the very poverty that purchasers are hoping to escape. 22 Conclusion: Though, to some, the concept of an instant win is certainly fascinating??? to most, however, it is potent. It is clear that marketers are unethically communicating the purpose of lottery, through the distortion and omission of information, the contradictory role of the government regulation, and lastly, through the exploitation of the poor community to stimulate volume sales.

In accordance with a simple, but profound ethical framework, lottery advertising is violating consumers' rights to information and decision, failing to adhere to the special obligations of marketing ethics, and is leaving many consumers far worse off. 21 O. Borg, M. & Stranahan A. , Harriet. (Jan. 2005). Does lottery advertising exploit disadvantaged and vulnerable markets? Business Ethics Quarterly, Vol 15, No. 1). Pp. 23-25 22 ?? Mandle, A. Amy. (2010). Psychology of poverty: why poor people buy lottery tickets. Retrieved from: http://www.science20.com/news_releases/psychology_of_poverty_why_poor_people_buy_lottery_tickets