Political Culture, Gambling and the Lottery in South Carolina

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Introduction

In November of 2000, the voters of South Carolina, to the surprise of many who saw the state as a bedrock Bible belt state, approved a constitutional amendment that would allow a state lottery. The purpose of this paper is to tell the story of this long and bitter political battle and to explain the outcome. A key variable in understanding the outcome is the political culture of the state. The culture is more complex than the stereotype that is often presented in popular media. In addition, the cultural mix is changing as more and more outsiders move into the state and as citizens recognize the importance of education for individual achievement in a state that has long had an exaggerated sense of individualism.

The paper will begin with a discussion of the culture of the state and then it will move to the story of the lottery placed in the context of other forms of gambling to explain the outcome of the referendum.

The Political and Social Culture of South Carolina

Daniel Elazar, a scholar who wrote what is generally considered the definitive work on American political culture, has noted that although Americans have much in common, each region of the country is different, and each state is unique. Elazar defined political culture as “the particular pattern of orientation to political action in which each political system is embedded” (Graham and Moore, 3) or “a shared framework of values” and “basic assumptions about the relevance of political action for achieving those values” (Hanson, 29). He found that there were three types of political culture, traditionalistic, moralistic, and individualistic1. Each of these has its roots in the “…unique sectional, ethnic, and religious affiliations of colonial culture” (Graham and Moore, 3). The various cultures moved around the country with the settlers, changing as they went along. In some states, more than one political subculture took hold, sometimes leading to different approaches to solving political problems (Hanson, 33).

Many of the Southern states, and especially South Carolina, exhibit characteristics that are typically found in a traditionalistic political culture. Politics is the preserve of elites (Hanson, 31). South Carolina’s agricultural society, founded on the backs of enslaved Africans, gave rise to an aristocracy from its beginnings in the late 1600s in Charleston. This aristocracy helped create a traditionalistic political culture characterized

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1 The citizens of states with different political subcultures have very different orientations toward politics. In the moralistic subculture, people see government as a positive force. Political campaigns and competition tend to be issue-oriented, and the goal of politics is to “achieve the good society.” Citizens are thus expected to participate in politics and they view bureaucracy positively, as a means to accomplish this goal. In the individualistic subculture, government’s role is seen as encouraging economic development. This subculture is characterized by partisanship and political participants focus on “material concerns.” Corrupt politicians may exist in a business as usual atmosphere. Bureaucracy is viewed negatively because it limits opportunities for material gain. In the traditionalistic subculture, where politics does not focus on the “public interest,” corruption is even more common. For more information, see Hanson, pp. 29-33.
by a “social hierarchy” that held and maintained power. In South Carolina, the defense of slavery and of the plantation-based way of life became the next thing to a religion to a greater extent than in any other state (Graham and Moore, 4). In the years after the Civil War, a new aristocracy of small-town farmers and businessmen became the ruling elite. These elites continued to dominate South Carolina’s economy and government through much of the twentieth century (Ibid., 4).

Elazar noted that in a traditionalistic political culture, non-elites are discouraged from participating in politics. Thus parties, which generally encourage greater participation, play a limited role in the political process. A one-party system is common and factions within the party may battle (Elazar, xxx). For more than one hundred years after the end of the Civil War, the Democratic Party dominated South Carolina’s politics, a role that the Republican Party has gradually been assuming in the years since the civil rights movement began.

Finally, in such a system, elites see their role as one of maintaining the status quo, rather than as bringing about change. While many observers have noted the changes occurring as people and industry relocate to the “New South,” such change has been slow to reach and to affect South Carolina. There is no question that South Carolina’s youth receive a better education today than in the days when state leaders saw “cheap labor” as the key to prosperity (Graham and Moore, 6-7). But the state still ranks near the bottom on most indicators; despite a gain of 8 points, South Carolina ranked number 50 on the 2001 SAT scores, or number 47 if public schools alone were counted (Smith, “SC students”). The usual response of state leaders to budget shortfalls is to announce another round of belt-tightening and to cut services rather than raising taxes, especially at the upper end of the income groups or on corporations.

In a traditionalistic culture all institutions are employed to help defend the status quo. This includes religious institutions. South Carolinians have always claimed to be religious. Church membership today is high, with 62% of the state’s residents reporting that they belonged to a church in 1990. Just as before the Civil War, the Baptists are the largest denomination, claiming one-third of all church members (Edgar, 569). Thus, it is no surprise that religion has always played an important role in the life of South Carolinians, as well as other Americans.

The Anglican church dominated the early South. Under the control of elites, it served as a state church and was supported by taxes. But the Great Awakening, a movement that focused on the individual’s relationship with God and on the need for religious conversion, swept the region and the nation in the 1700s. Affecting all faiths, it had perhaps its strongest impact among the Baptists, who would become the largest denomination in the South. The Baptist faith appealed to poor whites, to women, and even to slaves, providing opportunities for all to participate.

In pre-Civil War America, many Americans saw Christianity as the moral force that would lead the nation toward the equivalent of a utopia. But for the South, the slavery question was always the most compelling, and ordinary Southerners would ultimately
defend a way of life that benefited plantation owners and other elites. By the 1830s, as the North and South began to split over the slavery question, Southerners became defensive about their way of life and less excited about a utopian future that would involve extensive social change. They pointed to the Bible to support their claims that God wanted humans to live in an orderly society with a structured social order. Although they claimed a heritage of individualism that harked back to the American Revolution, they did not apply these ideals to anyone other than white men. The white Baptists split into Northern and Southern churches in 1845 over the slavery issue rather than over theology (Hudson). Both northerners and southerners, of course, regardless of their faith, claimed that God was on their side in the Civil War.

Race issues could not be separated from religion. In early South Carolina, there was a tradition of religious toleration, dating back to the efforts of the early Proprietors to attract settlers to the state. Most of the churches were Protestant, and they tended to support the status quo, rather than acting as a force for change. The primary focus in South Carolina, and in the region, was on saving one’s soul, not on social change. From the 1830s on, most of the churches voiced few objections to slavery, with the notable exception of some Methodists. However, despite a statement by the Methodist General Conference in 1790 stating that slavery violated God’s law, most Methodists modified their views by the 1830s (Jones).

After the Civil War, Southern churches were virtually the only institutions that had not been greatly damaged. Churches accepted and helped perpetuate the myth of the “Lost Cause” and the “Southern way of life” (Jones). They became as segregated as the institutions of the secular society. Most Southern churches developed a doctrine of “the spirituality of the church.” According to the rhetoric, churches should not get involved in politics. What this meant in practice was that the churches would support segregation and the status quo. Southerners and many Southern churches would resist change well into the 20th century (Marsden). South Carolina’s white churches, which had focused on individual salvation before the Civil War, would not provide leadership for social change. Through a series of revival movements, they would focus on sin, especially on drinking. As they moved into the 20th century, churches began to focus also on social justice and on social problems (Jones). Perhaps it is not surprising that by the last quarter of the 20th century, social conservatives were becoming politically active and that some church leaders were attempting to interpret the Bible in order to impose a particular set of moral values on society. But for the Southern Baptists, in particular, this posed a dilemma. A church that had long held that each individual should interpret the Bible for him or herself, it would find itself torn apart.

Gambling in the U.S. and in South Carolina

The English colonists who arrived on American shores in the 1600s were quite familiar with the various forms of gambling. They used public lotteries to cover the costs of both government and private undertakings. Often lotteries were used to pay for roads, canals and bridges, but usually they were one-time events rather than on-going activities (Ulbrich, the lottery). However, as early as 1612, the charter for the colony of Virginia
included a provision permitting the establishment of a lottery. The lottery was widely promoted in England and by 1620 provided about half of the revenue for the struggling colony. But in the end, the colony did not make a profit for its investors (Nibert, 19-20).

The colonists liked to bet on all kinds of games and activities. In England, the aristocrats had enjoyed gambling in general and horse racing in particular. In the South, elites followed suit. Gambling was a sign of status for them, as for their English counterparts. However, people of all classes, including slaves, gambled. For most people, gambling was simply an enjoyable leisure time activity. But it could include more grisly elements. In the South, for example, one popular form of competition was “gander pulling,” where the participants tried to pull off the head of a live gander. (Burnham, 146-7).

From the earliest times, however, many Americans saw gambling as a vice. Families could be left without food on the table if the wage earner gambled away his earnings, and gambling was linked to crime and sloth in the public mind. There was a religious element to their concerns as well. Sometimes the drawing of lots was used in the administration of justice. The thinking was that this would show God’s will. To turn this into a mere game was sacrilegious. Nevertheless, gambling in its various forms continued to flourish (Burnham, 146-8).

Corruption undermined one popular form of gambling for a long period of time. Lotteries were rife with fraud and a majority of people perceived them as corrupt. Thus they were outlawed in most places by the 1830s and 1840s (Burnham, 150). By 1860, only three states still had lotteries, Delaware, Kentucky, and Missouri. Lotteries staged something of a comeback in the South out of necessity. Louisiana instituted a lottery to pay for its war expenses. After the Civil War, Alabama, Georgia, and Mississippi reestablished lotteries to pay for the costs of rebuilding. In some states, private companies evaded the laws by pretending that they were selling goods. Congress responded in 1868 with a law that forbade the sale of tickets through the mails, and states once again began to outlaw lotteries. The Supreme Court upheld the state bans as falling within their police powers. By 1878, only Louisiana still had a lottery. Tickets were sold throughout the country and were especially popular with the poor. Faced with mounting opposition from a wide variety of political, religious, and business elites, the private company operating the lottery bribed many public officials and engaged in election fraud (Nibert, 26-30).

In 1890 Congress passed more extensive legislation outlawing the sale and transport of lottery tickets by mail, and in 1895, Congress passed a law outlawing transport of any lottery materials across state lines. These laws sounded the final death knell (“lottery”; Nibert, 30). By the dawn of the twentieth century, the Louisiana lottery, rife with scandal, was gone (Alm, et all, 463). It would be more than half a century before there was another state lottery (“lottery”). But other forms of gambling persisted.

By the mid-1800s, gambling had turned into a business. Professional gamblers, who often made their money by earning a percentage rather than through subterfuge, worked the games and gaming establishments in the cities, the gambling saloons in the west, and
the riverboats. Writers of the day noted that Americans liked to speculate on stocks and real estate, comparing these activities to the playing of cards and other forms of betting. Gambling also came to be associated with the consumption of alcohol and with prostitution, especially in the poolrooms and other facilities (Burnham, 151). Reformers worked to make gambling illegal, and by the early twentieth century were having some success. They attached to gambling the label of “selfishness,” something that had negative connotations in that day (Burnham, 153).

But there was money to be made, and after World War I, people became more tolerant of gambling. Soldiers in the barracks had enjoyed playing craps, and in the 1920s and 1930s, some of the states began to legalize racetrack betting to bring in more money. Some states allowed charities to conduct bingo games, and in Nevada casino gambling became legal in 1931. States were always looking for ways to raise revenue without raising taxes. In 1934, in the midst of the Depression, a member of Congress proposed legislation to institute a lottery to fund the Veterans Administration. Twelve states also introduced bills into their legislatures to authorize lotteries. When Congress passed legislation the following year increasing taxes on the rich at the urging of President Roosevelt, interest in the lottery as a source of revenue faded. But polls conducted in the 1930s and 1940s showed a majority of the public supported the concept of lotteries, at least as a way to pay for societal needs and an alternative revenue source. The 1956 Republican platform included a plank for the creation of a national lottery in order to reduce taxes (Nibert, 32-36). By the 1960s, the state lottery was back, beginning with New Hampshire in 1964, and followed by New York and New Jersey within a few years. Faced with revenue shortfalls during the taxpayer revolt of the early 1970s, a number of states enacted lotteries. Congress helped to pave the way, passing legislation exempting state lotteries from most of the federal gambling laws in 1974 and 1976 (Burnham, 162). In the early 1980s, a recession led voters in yet more states to approve lotteries (Alm, et al). By 1989, three-quarters of all Americans were living in an area with a state-operated lottery (Burnham, 155). Georgia passed a lottery referendum in 1992. By 1993, a total of 40 states and the District of Columbia had established lotteries (Alm, et all). Lotteries had lost much of their stigma. Today, lotteries and casinos are the most common kinds of gambling (Lach).

Gambling has always been tied in to sports. In the South, violence and honor went hand-in-hand, a legacy of the Celtic and German heritage that most southern whites shared. The glue that held this code of ethics in place was a social system where everyone knew his or her place (Tindall and Shi, 643-44). In colonial South Carolina, horseracing and cockfighting were quite popular with people of all classes. People liked to bet on the winner (Edgar, 171). Horseback riding and gambling were so popular that in Charleston, schools shut down and businesses closed during horse race week (Tindall and Shi, 643-44). In pre-Revolutionary South Carolina, the legislature placed games of skill like billiards in the same classification as games of chance, as well as competitions involving people or animals (Burnham, 155). What began as events held at fairs in rural areas soon became events sponsored by and controlled by the elites (Edgar, 171).
Lotteries were legal in early South Carolina, and participation crossed the racial divide. Denmark Vesey, the African American leader of a failed slave revolt, bought his own freedom for $600 after winning the East Bay Lottery in 1799. He had paid $6 for the ticket and won a total of $1500. He entered another lottery in 1822, shortly before his aborted slave revolt, but did not win (Farmer). Gambling was a typical activity in the little leisure time enjoyed by those who were enslaved (Blassingame, 44). Blacks also participated, often with whites, in many forms of gambling across the South, including betting on the most popular sport of horse racing (Morgan, 414-18). In addition, those who were enslaved saw white elites who spent much time betting on the sporting events of the day.

Around the same time that South Carolinians were drafting a new constitution in 1895, the Louisiana lottery scandal was occurring. Amidst a nationwide wave of repugnance against gambling, the delegates to the 1895 convention outlawed the practice in South Carolina. The new state constitution forbade gambling in the following words: “No lottery shall ever be allowed or be advertised by newspapers, or otherwise, or its tickets be sold in this state” (Ulbrich).

Although it would seem that South Carolinians had taken a definitive stand against gambling, both bingo and video poker eventually became legal. As early as 1973 IRS reports ranked South Carolina third in gaming stamps issued by the national government, trailing only Nevada and Tennessee. Residents were gambling on the pinball and slot machines available in the state at the time (“Video Gambling Chronology”). By 1993, gamblers would be betting more than $700 million a year on video poker and bingo, making South Carolina a major player in the Southeast gambling leagues (Davenport).

Bingo was legal in most of the neighboring states that surrounded South Carolina before it became legal in the state. It was legalized in South Carolina in 1975 by a legislature that believed bingo would provide a means for charities to raise money. However, it was mostly unregulated, and a report from a state Tax Commission task force in the early 1990s found that many charities had come close to bankruptcy. Players received 74% of the payouts and most of the rest of the money went to the promoters. According to the report, crime was rampant in the industry. At the same time, bingo accounted for the not insignificant figure of over $100 million in revenues (Davenport).

Video poker first arrived in South Carolina in the early 1980s after a state circuit judge ruled that electronic games were legal if they had a free play feature and didn’t pay money to winners (“Video Gambling Chronology”). A 1986 law, slipped into the state budget bill by Senator Jack Lindsay, made cash payouts legal (Ibid.). Opponents challenged the law in court (Davenport). In 1991 the state Supreme Court said that the games were legal (Manware). Following this decision, the industry experienced a 50% increase in the number of licensed machines (Davenport). But like bingo, it was largely unregulated, and even the industry itself was not adverse to reform. Controlling the industry and keeping track of revenues was difficult, with so many new license requests and with machines scattered everywhere. It was an even bigger cash cow than bingo, accounting for close to $600 million in revenue by the early 1990s according to the most
conservative estimates. The state Tax Commission estimated that players were winning at least several hundred million more in payoffs, most of it unreported for tax purposes (Davenport).

The next move of the opponents was to seek support of the voters in a 1994 referendum that would outlaw or heavily regulate video poker (Eichel, “Each side’s”). As each side sought to make its case, the rhetoric took on what would become a familiar tone in the later debate over a state lottery. Proponents argued that passage of the referendum meant that the industry would be heavily regulated by the state, but would continue to bring in many jobs and fill the state’s coffers with tax revenue (Ibid.). Opponents argued that the social costs were too great in terms of crime and lost productivity. Although economists were able to point to holes in each side’s arguments, a referendum providing for video poker on a county option basis passed by a large majority, 59% (Warren). In twelve counties, a majority voted against legalizing video poker, and the industry filed a lawsuit in response. The state Supreme Court ruled the county option unconstitutional in 1996, and for a time, video poker was legal throughout the state (Edgar, 571). The Court reasoned that if an activity was legal in one part of the state it should be legal elsewhere. Republican Attorney General Charlie Condon, a lottery opponent, responded by asking the Court to reconsider its opinion. In the meantime, the stricter regulations included under the referendum would remain in place. These would limit to five the number of machines permitted in any one location, and require operators to pay a $3000 licensing fee per machine every two years (Warren). Opponents vowed to introduce legislation into the General Assembly to outlaw video poker once and for all.

Both video poker and lotteries would play a role in the 1998 gubernatorial campaign as well. In January of 1998, Republican Governor Beasley officially announced his opposition to video poker at a news conference, calling it a “cancer.” In his State of the State address a week later, he urged lawmakers to outlaw it (Carroll and Pardue; Eichel and Williams). Beasley soon met with David Wilkins, the Republican speaker of the House, to plan their attack on video poker. A bill passed in the House with strong support from Republicans and a number of Democrats. In the Senate, the Democratic majority leader, John Land, led a filibuster. The Senate never voted on the bill, a defeat for Beasley.

After Beasley announced his opposition, the video poker industry, with the support of the largest operator, Fred Collins, began to organize a campaign against the incumbent governor, focusing on education. The “Dump Beasley” billboards that appeared across the state blamed the governor for the state’s poor performance in education (Carroll and Pardue). Beasley was opposed by Democrat Jim Hodges, a former member of the S.C. House, and independent James Metts, the Lexington County sheriff. Both of the latter favored allowing voters to make a final decision on video gambling in a referendum, as did the industry itself. Hodges, ironically, had opposed video poker when he was serving in the legislature as a representative from Lancaster County, an upcountry county that had voted 78% against video poker vote in the 1994 referendum, the highest in the state (S.C. State Election Commission). The poker industry helped to finance the campaigns of Beasley’s opponents. Since Beasley had banked about twice as much as Hodges, this
helped to make Hodges’ campaign competitive (Eichel and Williams). The new chair of the state Democratic Party, Dick Harpootlian, was a good fund-raiser. As a Republican Party memo had pointed out, state law did not limit the amount of money that could be given directly to a political party, nor did it require that the names of the donors and amount contributed be revealed. This allowed Harpootlian to solicit money from the poker industry for Hodges’ campaign. One estimate is that the industry contributed about $3 million total (Carroll and Pardue). Soon ads were running on television featuring “Bubba,” a convenience store clerk in Georgia. Bubba thanked Governor Beasley for opposing a state lottery because it allowed South Carolinians to help pay for free college education for Georgia students. Beasley, a lottery opponent, modified his opposition in the fall as the election drew close. He lost by almost 10% (Carroll and Pardue). Certainly the gambling issue was only one factor in Beasley’s defeat; his reversal of his stance on the Confederate flag had angered many of his core supporters. But it may have pushed him over the edge. Nor was Hodges more than a reluctant bedfellow to the video poker industry. Shortly before his inauguration, Hodges followed through on his campaign promise to “regulate and tax” the industry by calling for $200 million in new taxes on video poker. This was far more than the industry had expected to pay and would cut heavily into their profits.

The pieces began to fall into place for another referendum. A court decision several weeks after the election declared that video poker did not violate the state constitution. Opponents now saw their best chance as a referendum, since a legislative effort was unlikely to survive in the Senate. The Republicans, under the leadership of Speaker David Wilkins, were worried about possible losses in the House in the 2000 elections if a referendum were to take place that year, as Hodges proposed. The video poker industry would surely pour money into the campaign and especially contribute to Democrats. Therefore, Wilkins came out in favor of a referendum one year earlier, in 1999.

As the drama enfolded, a group of addicted gamblers had filed a lawsuit in federal court against the poker industry, charging them with violating a daily legal limit of $125. Hodges and some state legislators saw this law as unenforceable, but poker opponents saw it as a way to regulate the industry despite their concerns about legitimating video poker and increasing state government’s dependence on the revenues. The industry, alarmed about the lawsuit, saw regulation as a means to avoid the constant battles over their very existence. As pro and anti-legislators argued, Hodges failed to propose any legislation to raise the cap or further regulate the industry. By the time Hodges issued a call for a referendum in 2000, the raising of the payout cap to $500, and a series of other regulations, Republican legislators had developed their own plan. They proposed that the state Department of Revenue should develop a set of regulations for video poker. The lead role was carried by the Senate, which abandoned the Republican House members’ plan. Democrat John Land, a poker supporter, introduced a bill that placed no limits on video poker payouts and called for a referendum during the 2000 elections. His proposals met with a Republican filibuster this time (Carroll and Pardue).

In April of 1999, before the State Legislature was able to resolve this impasse, the federal district court issued its ruling. Video poker payouts would be limited to $125 a
day, and the five operators involved in the lawsuit, representing about 16% of the total industry, would have to keep extensive records of payouts and winners. With these limits, two operators closed and the others began to lay off employees. The industry began to fear it would be crippled by further court rulings or state actions. Unable to agree on the terms of compromise legislation regulating the video poker industry during its regular session, the General Assembly returned in June and once again failed to pass compromise legislation. Called back into session by Governor Hodges, they finally hammered out a bill that was politically workable, if not acceptable, to both sides. A referendum would be held in November 1999, and the industry would be taxed on profits at the rate of 25% (Carroll and Pardue). If the referendum did not pass, video poker would be banned as of the following July. The latter provision was the brain-child of Terry Haskins, the Republican Speaker Pro-Tem (Carroll, “Legislature”). Each side began to mobilize its forces for the upcoming battle, even as the courts continued to play a role in the drama (Carroll and Pardue).

Opponents had filed another lawsuit in state court, and arguments were heard in June contending that promises to make large payouts violated the state’s criminal, rather than civil, laws. In July of 1999, the state Supreme Court issued a ruling that limited video poker winnings to $125 daily per gambler, even as video poker receipts climbed to record levels (LeBlanc, “Court”; Carroll, “Anti-poker forces”). The state Department of Revenue then began notifying video poker operators that they could be subject to criminal prosecution if they exceeded the $125 a day payout, and began issuing tickets (Carroll and Pardue).

The legislature placed a referendum on the ballot to allow voters to decide once and for all whether to outlaw video poker. If it were to pass, the cap would remain in place until December, when it would be replaced by a cap of $500 per payout (LeBlanc, “Court”). The Legacy Alliance, the umbrella organization for opponents, included religious groups and politicians on both sides of the aisle. Opponents included the Chamber of Commerce, the new governor, Democrat Jim Hodges, Republican Lt. Governor Bob Peeler, and the Southern Baptists (Bandy, “Video Poker;” Carroll, “Anti-poker forces”). The Baptists, representing 700,000 South Carolinians, argued that video poker destroyed families. The state convention had passed three previous resolutions in the 1990s opposing gambling, including video poker (Askins, “Baptists;” “SC Baptists”). The AME denomination, another poker opponent, worked to sway black voters, who had voted in favor of video poker in 1994 by a large margin (Bandy, “Video Poker”). In 1994, 98% of majority-black precincts had voted in favor of video poker, as opposed to 70% of majority-white precincts (Carroll, “Black voters”). The S.C. Christian Action Council set up a toll-free number to help churches network. With more than two million churchgoers in the state, the support of people of faith was essential (Askins, “Church hot line”). The state Republican Party officially announced its opposition to video poker; the Democrats, many of whom had received campaign contributions from the poker industry, did not take an official position (Bandy, “Video poker”). In addition to the poker industry, operating through the “Vote Yes” Campaign Committee, a bipartisan group of lawmakers were supporting a bill to reduce or eliminate property taxes on cars by earmarking the approximately $170 million in poker revenues for car tax relief (Carroll,
The “Vote Yes” Campaign had arguments of its own. Taxes would be reduced, new jobs would be created, and the individual freedom to decide for oneself how to spend ones time and money were among their arguments. Another theme was regulation. South Carolina’s video poker industry would become one of the most heavily regulated in the country (Meadows, “Pro-poker”).

It seemed that federal court rulings would also play a role in the video poker campaign. In August of 1999, a federal judge overturned a provision in South Carolina’s ethics law that placed a $3500 limit on contributions by nonprofit groups lobbying on public issues. The judge found this to violate the First Amendment to the U.S. Constitution. Video poker opponents were dismayed. This would place them at a significant disadvantage in the publicity battle for the hearts and minds of South Carolina voters (LeBlanc, “Anti-poker”). It would be quite a battle, the industry thought. By late September, polls showed 61% of the public in favor of a ban on video poker. Analysts blamed this in part on what they called a poorly-run campaign by the industry, and in part on a loss of support among black voters. Democrats were more likely to favor video poker than Republicans. Residents of the upcountry were far more likely to favor such a ban than residents of either the Midlands or the lowcountry (Carrol, “Poll results”).

In the end, it was all for naught. A video poker operator, Joytime Distributors and Amusement Company, filed a suit in state court in September of 1999, arguing that the referendum was unconstitutional. Both sides in the battle opposed the suit, and the industry unsuccessfully urged Joytime to drop it (LeBlanc and Carroll, “Lawsuit”). The state Supreme Court sounded the death knell for video poker, ruling in October of 1999 that the referendum was unconstitutional, but upholding a portion of the same law that banned video poker as of July of 2000 (Allard; Fretwell; Harris). The Court reasoned that the state constitution “…does not give the people the right of direct legislation by referendum…In the present case…the legislature has not delegated merely the authority to execute a law but has delegated the authority to make a law…” (“The Supreme Court statement”). In the legislature, both sides agreed that they would not revisit the issue of video poker (Carrol, “Legislature”). The gambling war would move on and center on the lottery referendum, scheduled for November of 2000.

With the creation of a lottery in Georgia, pressure began to build in South Carolina to have a home-grown version. A 1994 poll showed that voters, while opposed to casino gambling by a 56% majority, supported a lottery with a majority of 65% in favor of the concept (Scoppe, “In SC”). The lottery issue came to a head in South Carolina when Jim Hodges, a Democrat running for governor in 1998, made it a key plank in his platform. Lottery proceeds would go for education, he stressed. This was an attractive proposal in a state with a political culture that favors limiting government’s role in problem-solving. South Carolinians were also well aware that their next-door neighbor, Georgia, had implemented a lottery several years earlier, providing additional monies for education, including college scholarships. Many were helping to improve Georgia’s schools by driving over the border and buying tickets, as pro-lottery forces later reminded them with the popular “Bubba” commercials! After his election, Hodges pushed for a referendum on the lottery. South Carolina’s constitution forbids gambling, and there would have to
be an exception for a lottery. Under state law, any change in the state constitution requires the approval of the voters.

Hodges was aware that there was opposition from much of the state’s power structure and from the same groups that had geared up to fight video poker. Not long after his election, he met with Democratic Governor Zell Miller, who had spearheaded the successful passage and implementation of a lottery in Georgia in 1992. Although there was much early support for an education lottery in Georgia, by the time of the election most of this support had vanished. The Georgia lottery faced heavy opposition from the white religious community and from rural voters, and had a strong grassroots component that included the use of rallies, letters to the editor, and church sermons in addition to an organized campaign conducted by several anti-lottery organizations. Active involvement by church leaders at all levels in rallying the troops may have played a role in a larger than expected anti-lottery vote (Cohen, 43-46; Hyatt, 305-306). Opponents even featured an ad with a former Atlanta Braves baseball player. Most of the education establishment remained neutral or opposed the lottery, including the state PTA (Cohen, 48; Hyatt, 305). The pro-lottery side had more money, and heavily utilized paid advertisements (Cohen, 46). They reminded the voters of all the money Georgians were spending in the Florida lottery and how the Georgia lottery would help education in the state (Hyatt, 304). But support for a lottery was dropping. A 1991 poll had shown that 71% of the voters favored the lottery; by 1992, support had slipped to 56% (Cohen, 50). African-Americans were among the strongest supporters and their support was crucial. Ultimately, black voters supported the lottery by a 2 to 1 margin, while white voters narrowly opposed it, according to the exit polls. While African-Americans, who tend to be poorer than whites and to see lotteries as a means to obtain government services not otherwise available, have generally been supportive of lotteries, the lack of organized opposition in the black community and among the black clergy may have been a factor in black support (Cohen, 51). Governor Miller campaigned as heavily as if he were running for office again himself, spending much of his time in schools so that voters would think of the lottery in conjunction with education. There seems little doubt that it would have failed without him (Hyatt, 304-306). The Georgia lottery passed 52 to 48%, by less than 100,000 votes (Cohen, 1; Hyatt, 305). The 72.7% turnout was the highest in Georgia in modern times (Cohen, 50).

Hodges was also aware that a lottery had failed in Alabama only a year before, despite early polls showing a 61% lead. He met with supporters of the failed Alabama lottery to learn what had gone wrong there. In Alabama, Democrat Don Siegelman had beaten Republican Fob James in 1998, supposedly because voters did not like James’ “Bible-thumping.” Governor Siegelman favored the lottery and actively campaigned for it for nearly five months. He argued that the lottery would provide funds for education, from pre-kindergarten through college. Flouting the lessons of the James defeat, lottery opponents ran a campaign that focused on morality and religion. A billboard located near the state capital, for example, read: “Lottery? W.W.J.D. What Would Jesus Do?” The governor did not respond to that line of argument and instead focused on the need for a lottery to keep Alabama dollars at home, instead of sending them to Georgia and other lottery states. Alabama was not a state that necessarily opposed all gambling; both dog
racing and bingo were legal. The pro-lottery forces suffered a further blow only a couple of weeks before the referendum with the disclosure that two of the governor’s assistants had had traffic tickets destroyed. Poor blacks were the primary supporters of the lottery, but even black leaders had expressed concerns that a lottery would lead poor blacks to spend money they could ill-afford. For many white conservatives, concerns focused primarily on morality questions. In addition, the Republican Party, under the leadership of Lt. Governor Steve Windom, strongly opposed the lottery (Davis, “SC closely watching”). In the end, the Alabama lottery vote became a vote for or against Siegelman rather than for or against the lottery. The Alabama lottery lost by a vote of 54% to 46% (Cohen, 1; Monk; “Southern Governors”).

Hodges and his staff decided that he would remain on the sidelines, using surrogates to campaign until the last few days before the election. One fear was that Republicans, in particular the conservative white men who were likely to vote for the lottery because they enjoyed gambling and/or don’t like government regulation, might vote against it if they perceived a pro-lottery vote as a vote for the Democrat Hodges. Instead, the governor spent his time raising money for Democratic candidates and for the lottery campaign (Monk; “Southern Governors”).

As the battle heated up, the rhetoric focused on morality and on the need to improve education. Speaking to a group of educators, Hodges argued “there is no greater crisis in our state than the education crisis.” Kathy Bigham, chair of “No Lottery2000,” an anti-lottery group, responded by stating “I do believe that if we fund education with gambling that we will create a moral crisis for all South Carolinians” (Sheinin, “Hodges says”). African-Americans, a key group of Democratic voters, were targeted during the campaign because they were likely to support the lottery as a means of improving education, despite the opposition of their own religious leaders. Thus, many of the pro-lottery advertisements focused on how a lottery could help improve education (Monk).

Most major newspapers in the state also took editorial positions opposing the lottery, again using the rhetoric of morality. Editorial writers for the State newspaper argued that “…a government-run lottery is an invitation to corruption…” and that lawmakers are subject to the influence of gambling interests who contribute to their campaigns (Scoppe, “Lottery will create”), that lawmakers are afraid to terminate lotteries because they become “addicted” to the “free money” available for popular programs (“Lotteries last forever”), and that the state would be increasing “…the number of compulsive gamblers” (“If state creates”).

By and large, South Carolina’s religious community opposed the lottery. In October of 2000, approximately four weeks prior to the referendum, more than 300 clergy and religious leaders from a variety of denominations stood outside of the State House to read a statement opposing the lottery. Among the opponents were representatives from the African-American community, a key constituency for any southern state seeking passage of a lottery. In Alabama, where voters rejected a lottery in 1999, African-Americans played a key role in the outcome (Askins, “Christian churches”). Other representatives included leaders of the SC. Baptist Convention, the Episcopal Church, the Presbyterian
Church, the Evangelical Lutheran Church, and Governor Hodges’ own denomination, the United Methodist Church. Although they expressed support for education, church leaders argued that the lottery was “immoral,” would “diminish…good government,” and was contrary to the teachings of the Bible (Askins, “Christian churches”).

In the end, the lottery referendum passed with the support of 54% of the voters (Bauerlein and Sheinin). At that point, the battle moved to the state legislature, which would have to pass implementing legislation. Despite much opposition from Republican lawmakers, who now held a majority in both houses, some Republican leaders agreed to support a lottery plan. Among the major issues that were to be decided was the makeup of a lottery commission; the rhetoric centered on accountability (Sheinin, “2 GOP;” Sheinin, “Battle shaping up”). A compromise gave three appointments to the lottery commission to each of three key political leaders, the governor, the President Pro Tem of the Senate, and the Speaker of the House (Sheinin, “Makeup”).

Future Prospects in South Carolina

As the author was writing this paper, the S.C. Lottery Commission was in the process of hiring the people who would administer the program, and preparing to start up the South Carolina lottery. Ernie Passailague, a former state senator, was hired as the first director. Although the General Assembly authorized a November 1, 2001 start date, a consultant recommended a delay in order to ensure better security and adequate time to work out all the logistics. The lottery was to begin with instant scratch-off games, with other, more profitable games to follow in the spring (Sheinin, “S.C. lottery”). Exactly what those would be was a matter of controversy (Sheinin, “January”). As the first tickets arrived in December of 2001, Governor Hodges, who had staked his 1998 election for governor on passage of the lottery, became the first to scratch off a ticket (Scott). To the disappointment of some state officials, the company that had received the contract to run the numbers games soon notified the state that it would not be able to meet a March 2002 deadline, blaming AT and T for the delay. The more profitable games would not begin until May, a delay that could cost the state millions in lost revenue (Sheinin, “Hurdle stalls;” Hill). As a new year dawned, advertisements began to appear in local newspapers and the Lottery Express began a one-week tour of the state to inform citizens that the lottery was about to begin (Geier). The lottery began on January 7, 2002, with instant scratch-off games. Before the first 24 hours had passed, there were two $10,000 winners (“Lottery has”). More than $19 million in tickets were sold during the first week, with over $5 million in profits that would be earmarked for education (Sheinin, “S.C. lottery sales”).

To some extent lotteries can be said to be about hopes and dreams, although certainly the odds are that no one individual will be the lucky winner. To citizens, lotteries seem to be an easy way to ensure provision of state services, especially education, without an added sacrifice in the form of new state taxes, and at the same time, a chance to scoop up a windfall. In South Carolina, the first scratch-off lottery tickets cost only a dollar or
two. The few lucky winners could win anywhere from $1 to $10,000, although the odds for winning even $1 would be about 1 in 4 and ½ (Hill; Sheinin, “S.C. players”). To politicians, it is a way to keep promises to improve education without making unpopular decisions about taxes and spending. Ignored in all of this is the reality that lotteries are not a panacea. A 1990 study found that only 1.9% of state revenues came from lotteries (“Will South Carolinians”). Many states don’t even spend all lottery revenues on education; only 14 require that all the profits go to education. Some states, such as Florida, have experienced a displacement effect. There, all lottery revenues were devoted to education, but the state then reallocated some funds from its general funds that had previously been devoted to education (“Will SC”). Lottery profits have been dropping across the nation, facing competition from other forms of gambling and fewer players. In some states, riverboat gambling and casinos (including Indian casinos in 24 states) compete with lotteries for the gambling dollar. Online gambling and stock trading also lure away potential customers. Young people have shown less interest in traditional lottery games, so states have had to add newer games with bigger payouts. But that means less money for the states to rake in. Over the past year, profits dropped in 20 of 37 state lotteries (“State lotteries”).

Already, state officials are revising their estimates of the amount of revenue that South Carolina will collect. The state will not participate in the big money games like the Powerball, and estimates are that this will involve a loss of $23 million in revenue. Although initially state officials thought the lottery would bring in $150 million a year, those estimates were revised downward to $127 million a year (Sheinin, “Budget gains”). Although it is far too soon to determine how much money the lottery will bring to South Carolina, there is no question that it will have an impact on the state, for better or for worse (or perhaps both).

It seems likely that there will be more people in the state with a gambling problem, although perhaps not nearly as many as lottery opponents fear. Opponents argue that the lottery would create gambling addicts, while supporters cite studies indicating that lotteries are less addictive than any other type of legalized gambling. A study performed by the Harvard Medical School for a national lottery trade organization found that 1.6% of American and Canadian adults had become pathological gamblers and that slightly under 4% of adults had problems with gambling that were not pathological (Sheinin, “Addiction”). Scratch-off games may be more addictive than numbers games, according to Rachel Volberg, an expert on gambling addiction (Sheinin, “S.C. players”). Although the state law that set up the lottery required the Department of Alcohol and Other Drug Abuse Services to create a program to address gambling addiction, the legislature did not fund the program. Although legislation was to be introduced, as of this writing, the legislature has not acted (Sheinin, “Addiction agency”). It is not clear whether funds will

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2 More information about the South Carolina lottery is available at their website, at http://www.sceducationlottery.com
be made available for such a program as the legislature struggles with yet another round of budget cuts.\(^3\)

For Hodges, the lottery is a win-win proposition, as long as lottery money ends up in the hands of parents and students before he runs for re-election in November of 2002 (Sheinin, “Lottery is”). Scholars inside and outside the state agree that Hodges will be associated closely with the lottery and that his legacy will be tied in closely with its success or failure. University of Virginia political scientist Larry Sabato notes that while elites might not like lotteries, the average person certainly does (Sheinin, “Lottery is”). But the war over the lottery is not over. As the author was finishing this paper, the legislature had not yet decided how to spend the lottery money. An array of different education interests were lining up. As attorney Ken Wingate, a lottery opponent, noted, there would be “a feeding frenzy in the legislature…on how to use that money” (Sheinin, “Lottery foes”). The pie would be too small to feed all who were hungry.

Conclusion

The 2000 lottery vote suggests much about the social and political culture of South Carolina and how it may be changing. The state is still a culturally conservative traditional state. Although it is not the focus of this paper, the state also has elements of individualism that may influence attitudes about government regulation\(^4\). Today, most residents recognize the need for more resources for education. However, many still see the lottery as a panacea that will cure the state’s woes and hope that in the end we will be able to lower the mandatory taxes that the traditional culture so detested.

Although the pace may be no faster than that of a glacier, the culture of South Carolina is changing. The population of the state grew by 15.1% in the last decade alone, in part due to in-migration as people moved from colder northern climates to the South. In the year 2000 alone, the state was 7\(^{\text{th}}\) in the country among the shipments of household goods handled by the country’s largest mover (Flach). In a time-honored tradition, the new South Carolinians have brought along their own political cultures. South Carolina’s traditionalistic culture has begun an uneasy co-existence with the cultures that originated in other regions. This is demonstrated by the changing views on other issues, such as the flag. The state was once characterized as the most southern of southern states. Although we can still see the traditional lines and forces at work, that characterization may no longer be so. Unlike Alabama, South Carolina voters passed the lottery. In examining the forces that explain that passage, we might surmise that the state has passed Alabama, and perhaps some other southern states, in movement away from its traditional culture.

\(^3\) The original proposal called for provision of $1 million during the first year that the lottery operated and $1.25 million in each subsequent year. Most states are less generous, with only five allocating more than $1 million per year for gambling addiction. Georgia provides $200,000 per year from its lottery to combat gambling addiction. Sheinin (2001). “Addiction agency.”

\(^4\) See Robert Botsch, “An Empirical Explanation,” for a discussion of the role that individualism has played in South Carolina’s political culture. R. Botsch also discusses the impact of regionalism within the state.
Sources


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