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Economics

Nowadays, it's good to gamble

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The National Lottery and its Regulation

Despite falling ticket sales, the National Lottery is still one of the most popular products in the UK, with ticket sales worth £4.85 billion a year. In the wake of the government's March 2002 white paper on gambling, the UK is about to experience mass gambling deregulation. The lottery has played its part by making gambling socially acceptable to the general public. It has also destigmatised gambling and made it no longer a solely masculine preserve.

The National Lottery is the largest consumer product ever launched in the UK. Uniquely, it is the first modern lottery that is both national and privately run (a logical extension of Tory economic philosophy of involvement of the private sector in the management of the economy).

Because it is a state-sponsored lottery set up to serve the public interest and run by a private monopoly (Camelot), there is no precedent anywhere else in the world in terms of a regulatory model.

With this unprecedented situation forming the backdrop, Andrew Douglas's book proceeds by drawing material from a wide range of differing sources: scholarly journals, books, government reports, newspaper articles and interviews. Such diversity is the book's strength and its weakness. The central concern is how management, in the absence of competition, can be expected to deliver an efficient lottery that serves the public interest.

Douglas goes into great detail to show that competition in the market was replaced by competition for the market through a competitive tendering process.

The book divides roughly into four parts spread over seven chapters.

Beginning with the background to the lottery, its regulatory design and the criteria by which the regulation can be measured, the book then goes on to assess the lottery and its regulation against the three main objectives set out in the 1993 National Lottery Etc. Act - to ensure propriety, to protect players and to maximise proceeds for good causes). The book's third section appraises the lottery's regulatory design with a particular focus on how the commission-based system replaced the personalised regulatory model.

Finally, Douglas appraises the new bidding process and the commission-based system that is now in place.

One of the book's central propositions is that many of the lottery's regulatory problems have arisen because the regulatory system has been more discretionary, and therefore more personalised. Douglas argues that the more a position requires the use of discretion, the more it requires a single mind.

Another theme of the book concerns the natural conflict of interest between the lottery's objectives concerning maximising proceeds and protecting players. Here, Douglas highlights the classic dichotomy of "promotion versus regulation" and considers the inherent problems that can arise.

Overall, the book is an interesting read, although the 50 pages of copious footnotes may spoil the flow for some readers and there are a number of omissions, mistakes and misleading statements despite the meticulous referencing. The large section on "player protection" is perhaps the weakest in this respect. Here, Douglas is very selective in his overview of adolescent lottery gambling (omitting key studies). He also describes incorrectly

psychological processes such as operant conditioning, and he provides incorrect or misleading information about at least three gambling charities. He gives equal voice to organisations run by one person in their spare time (for example, the National Council on Gambling) as opposed to care providers that run national services (such as GamCare).

It is hard to assess who will want to buy this book, and Douglas himself gives no hints as to the possible readership. My guess is that the appeal will be limited, most probably to those interested in the social policy of gambling.

Overall, Douglas should perhaps keep to his areas of expertise. Cracks begin to show particularly when he tries to write about psychological research or voluntary-sector services. However, most of the book is well written and researched and deserves to be read by any academic with even a passing interest in gambling.

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