JAMAICA'S CASINO INITIATIVE

THE POLICY OPTIONS

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The Policy Options

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Foreword

Ever since its establishment, the University of the West Indies has had as one of its mandates, the conduct of research geared towards underpinning policy making in the Caribbean jurisdictions that the institution serves. The policy imperatives facing Jamaica in 2009 are clear. Our Prime Minister and Ministers of Government have been very explicit about the challenges that confront us and the fiscal constraints which have been exacerbated by the meltdown in the international financial markets and the resulting slowing of the global economy.

One of the country's major challenges is how to broaden the tax base to ensure that we maximize our revenue streams. The situation in which we find ourselves, where a small proportion of companies contributes more than fifty percent (50%) to corporate income tax and where an equally small proportion of persons contributes in excess of fifty percent (50%) to the PAYE, is clearly untenable. A critically important policy imperative facing the country, then, is the broadening of the tax base to ensure that we capitalise on and maximise potential revenue streams. Other related issues such as corruption, crime and violence, and youth unemployment jostle for centre stage, as does the need for policies that will facilitate our industries' backward linkages within the economy.

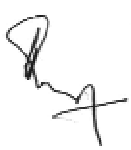
Our government's announcement of its intention to introduce casino gaming through a proposed investment of US$6.8 billion in two gaming hotels, *Harmony Cove* and *Celebration Jamaica* is indicative of a commitment to tackle these crucial development imperatives. The introduction of casino gambling, however, is itself fraught with its own challenges. Recognising this, we at The University of the West Indies, Mona Campus commissioned a study to examine the potential impact of Casino Gaming on the Society. We subsequently mounted a policy conference where stakeholders from the government and the private sector, including the tourism sub-sector, could examine the study's findings and

. . . issues such as corruption, crime and violence, and youth unemployment jostle for centre stage, as does the need for policies that will facilitate our industries' backward linkages within the economy.

those of other studies on gaming in the Caribbean and internationally. In this way, we provided the opportunity to air and distill the issues so as to guide the policy directions that will be most beneficial to Jamaica.

Noteworthy among the recommendations from the research was that in a small economy such as ours, the Bahamas model, where casino gambling is an export commodity and not open to the general public, best recommends itself. In this kind of operation, the net benefits tend to exceed the net social and economic costs. On the other hand, the research findings continue, if casino gambling in Jamaica is made accessible to the public, Government should design policies to address the social and psychological problems associated with gambling in the very early stages of the development of the industry.

I am pleased to be able to make this publication available and accessible to a wider audience than was able to be present at the policy conference on Casino Gambling that the Campus held in April 2009. The material presented provides ample evidence of the pros and cons of introducing the casino industry in a country such as ours, and indicates the policy options that will ensure sustainability of the industry and its positive impact on our economy and society. We are committed to working closely with the Government to continue to provide research and consultancy support to this national initiative.



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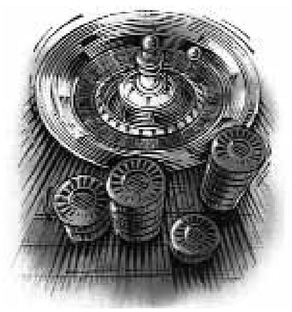

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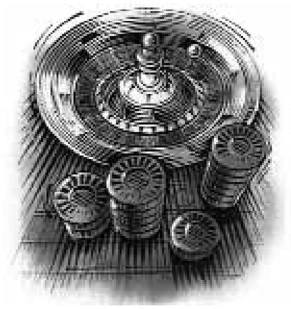

Executive Summary

In 2008 the Jamaican government announced its intention to introduce casino gaming through a proposed investment of US$6.8 billion in two gaming hotels, Harmony Cove and Celebration Jamaica. The University of the West Indies, Mona Campus commissioned a study to examine the potential impact of casino gaming on the society and mounted a policy forum to examine the findings and those of other studies on gaming in the Caribbean and internationally.

Professor Ian Boxill's study (Chapter 1) outlines many of the major costs and benefits associated with casino gambling. He revealed that when casino gambling is associated with a large inflow of outsiders or tourists, the net benefits tend to exceed net costs. Such casinos are resort and rural types, similar to those of some Indian reservations in the United States and in The Bahamas. There is much to recommend The Bahamas model especially in a small economy like Jamaica, since the net benefits exceed net social and economic costs. On the other hand, if casino gambling in Jamaica is opened up to the public, Government should design policies to address the social and psychological problems associated with gambling very early in the process.

In Chapter 2, Dr. Jennifer Edwards also recommends that The Bahamas model of resort-based casino development for tourists should be considered as a development option to maximise the economic earnings of this sector to Jamaica. The training and manpower development needs of the sector should be mapped out so that the country can ensure that its citizens are employed at all levels within the sector. Casino gambling should be effectively regulated, and the country should ensure that manpower to monitor and implement the regulatory framework is available and suitably trained. In addition, the sector should be regulated by a structure that can understand, consider and respond quickly to the competitive needs of the industry, while ensuring that its goals are met.

The lessons from Mississippi, Professors Johnson and Long's study asserts (Chapter 3), can be applied to Jamaica as they offer insight and understanding into the possible changes to be experienced if casinos were to be introduced. It is important, the study observes, that officials be flexible, open to change and fully informed when negotiating and conducting business with casinos.

The input-output model that Messrs. Ramjee Singh and Allan Wright employ in Chapter 4 to analyse the potential economic impact reveals that:

- The proposed casino projects are expected to generate in total some 33,332 jobs (8,333 direct jobs and 24,999 indirect).
- The casinos have a wage component of JA$0.30; that is, from every dollar of revenue earned thirty cents is expected to be paid out as wages across all sectors of the economy.
- Of the total wage bill generated by its activities, directly and indirectly, the gaming sub-sector will be directly responsible for some 40% of all wages.
- 'Manufacturing', 'Agriculture and Meat', will experience higher wage expenditure because of their links with tourism.
- For every $1 of expenditure on casino gaming some $2.05 in output, directly and indirectly, will be generated throughout the economy.
- Apart from tourism the main beneficiaries of casino gaming will be 'Manufacturing', 'Agriculture and Meats', 'Distribution', and 'Transport, Storage and Communication'.
- Gaming is expected to account for 51.23% of the increase in competitive imports (external purchase of goods and service that are produced locally).
- The gaming sub-sector is expected to account for 32.29% of the increase in non-competitive imports.
- For every one dollar (J$1) spent within the casino sector, thirty-four cents (J$0.34) will be leaked as a result of the importation of goods and services. Of this amount, 0.25 and 0.09 cents of every dollar will go towards the importation of competitive and non-competitive goods and services respectively.

Given the above, the study concludes that the gaming sub-sector can make an important contribution to the Jamaican economy. With income derived from tourist-oriented gaming activities being distributed across many economic sectors, it is important that strategies be developed to ensure that import leakages are reduced, especially with respect to competitive imports.

Dr. McCree's study (Chapter 5) examines casino gambling in Trinidad and Tobago and posits that if the casino industry there is to survive and move from the margins to the mainstream of the gaming industry, there would be need for closer collaboration with both government and civil society to decriminalise the sector. A supportive legislative and regulatory framework would need to be created to facilitate its decriminalisation, development and to deal with issues such as money laundering. Casino owners would need to become more organised and present a more united front to deal with the problems of legitimisation and the shady image of the industry.

At the regional level as well, McCree argues, the formation of a Caribbean Casino Association should be considered in order to provide a united front to CARICOM governments and enhance the regional visibility and viability of the industry. In the absence of a regional casino body, local casinos should also consider strategic alliances with other casinos in the Caribbean as well as internationally.

Casinos, McCree continues, should also lobby the Trinidad and Tobago hotel sector to help gain legitimacy and support as an important dimension of the country's tourism development and package. The casino industry needs to develop a closer relationship with the community following, for instance, the example of one gambling operation that pumped funding into the development of sport and culture.

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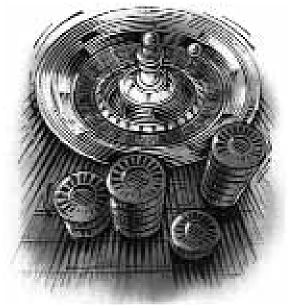
1 Casino Gambling in Jamaica

Lessons and Policy Options



IAN BOXILL[1]

Introduction

In 2008 the Jamaican government announced that casino gaming would be introduced as a means of diversifying and enhancing the tourism product. This paper discusses the likely costs and benefits of casino gambling for the Jamaican society. It does this by drawing on findings from academic research on casino gambling in a number of countries.

Currently, there is small-scale casino gaming in Jamaica but the impact of this sector is often thought to be minimal to the larger economy and society. There are also no significant academic studies on the impact of gaming on the Jamaican economy or society. However, virtually all industrialised countries in which gambling is legal have major research institutes that spend an enormous amount of resources and time studying the effects of the industry at all levels – social, psychological, economic, ethical and physiological. Las Vegas has one of the largest and most prestigious gaming research centres in the world, located at the University of Nevada, which focuses on researching all aspects of the industry, especially in Las Vegas. Las Vegas's casinos spend millions on researching various aspects of the industry, offering major fellowships to researchers to investigate, anticipate and ameliorate the social, economic and psychological impacts of gambling on the society.

1. I thank the Office of the Principal, for financial support to conduct this research. In addition, I am grateful to Jennifer Cheesman, Professor Neville Duncan and other colleagues for their comments and suggestions.

Casino gambling has traditionally represented a "pariah industry", outlawed in all but the most distant, sparsely-populated locales and, even then, strictly regulated to prevent the growth in both supply and demand . . .

An examination of the literature shows that in some countries permitted gambling is often subjected to intense and public analysis and debate before it is introduced in these various jurisdictions. This has to do with the fact that the benefits from gambling are often overstated or understated, depending on who is promoting the sector. In addition, there is disagreement regarding how experts measure and report on impacts and perform cost-benefit analyses of the industry. In view of the intense discussions which often accompany the introduction of casinos in places where they have been most successful (for example, Las Vegas, Atlantic City, Australia and New Zealand), it is surprising that virtually no discussion, outside moral debates, has accompanied the Jamaica government's announcement in 2008 to introduce the large casinos in Jamaica.

Sallaz (2003) posits that:

> Casino gambling has traditionally represented a "pariah industry", outlawed in all but the most distant, sparsely-populated locales and, even then, strictly regulated to prevent the growth in both supply and demand . . . the rationale behind such prohibition and stigmatization has varied – from religious rejections of the immorality of gambling to public concern over the proliferation of organized street crime themselves . . . [w]hile the need for casino operators to justify their existence, activities and operations has remained constant (p. 1).

The main objectives of this paper are to: use the experiences of the United States and other places to determine some of the possible social, economic and psychological impacts of casino gaming on the society, and offer a possible way forward following an assessment of these experiences.

What is a Casino?

A casino may be defined as a public room for gambling and other entertainment. The word is Italian in origin and "reveals a transformation from a cottage to a gambling palace. The source of our word, Italian *casino*, is a diminutive of *casa*, 'house.' Central to the transformation is the development of the senses of casino in Italian. The word was first applied to a country house and then came to be used for a social gathering place, a room or building where one could dance, listen to music, and gamble. This last pastime seems to have gained precedence over the others, at least as far as the development of the word is concerned, and *casino* took on the meaning 'gambling establishment.' These senses of the Italian word have all been borrowed into English, the sense 'social gathering place' being recorded first in the 18th century, the sense 'gambling establishment' first in 1851"[2]

What qualifies as a casino depends on who is attempting to provide the definition. The online publication, *casinocity.com* which tracks casinos globally show that there are approximately one hundred and twenty (120) casinos and other gambling activities in the Caribbean with twelve (12) casinos in Jamaica and five (5) in the Bahamas. The problem with this information is that casinos are defined very loosely, since any establishment that has gaming machines is classified as a casino.

The Jamaican Government and Casinos

In 2008 the new Jamaica Labour Party Government announced support for casino gambling as a means of boosting tax revenues and diversifying the tourism product. According to Prime Minister, Bruce Golding, while there is some disagreement by members of the public with the proposal, gambling already exists in the country. In relation to casinos, already there are many small establishments with slot machines and limited tables.

The new policy would allow for major increases in the size and nature of tables and slot machines. The Prime Minister stated that the Government had already made plans to develop casino gaming along with thousands of new hotel rooms utilising billions of US dollars worth of investment. The proposed effort to attract casino hotels would mean that casino licenses would be granted to establishments with no less than 1000 rooms and US$1.5 billion in investments. Furthermore, the casinos would be no more than 20 percent of the total investment and subject to rigorous approval by government agencies.[3] This, of course, assumes the establishment of a suitable legal and regulatory framework for casino gambling. One country in the region that has had a long history of casino gambling is The Bahamas.

Casino Gambling in The Bahamas

Casino gambling in The Bahamas is a form of entertainment designed for tourists. According to information provided on the official website of the Government of the Bahamas, the first casino in the Bahamas was opened in the

2. http://education.yahoo.com/reference/dictionary/entry/casino.Downloaded September 2008.
3. http://www.caribbean360.com/News/Caribbean/Stories/2008/04/23/NEWS0000005737.html

capital of Nassau in the latter part of the 1920s, as The Bahamian Club. Another one was also opened in Cat Cay. Both were small seasonal establishments and largely frequented by tourists. However, it was not until the 1960s that a number of larger casinos were established on the archipelago, including the Monte Carlo and El Casino. The Playboy Casino was opened in 1978 and closed in 1983. Since April 2009 there were approximately five casinos operating in the Bahamas.

In 1969 the Government of The Bahamas passed the Lotteries and Gaming Act to regulate casino gambling in the country. That act was revised in 1978 to allow public ownership of casinos ". . . to allow, firstly, the Hotel Corporation of The Bahamas to be the only entity entitled to the grant of a licence to carry on the business of gaming on any premises, and secondly, the grant of a licence to an operator to manage a casino. This amendment authorized the grant of said licences by the Minister responsible for gaming, after consultation with the Gaming Board."[4]

The activities of the Gaming Board are detailed on the official website of the Government of the Bahamas. According to that website the Board exercises strict control over gambling in the country. Among the activities of the Board are:

1. "To keep under review the extent, character and location of gaming facilities which are for the time being provided on premises in respect of which Licenses under this Act are for the time being in force; and
2. "To perform such other functions as are assigned to the Board by this Act." The legislated functions of the Gaming Board under the provisions of the Lotteries and Gaming Act, are summarised below.
   a. To ensure that those involved in the Gaming Industry in the Commonwealth of The Bahamas are fit and proper to do so and keep the Industry free from all criminal elements.
   b. To ensure that Gaming is conducted fairly and in accordance with the provisions of the Lotteries and Gaming Act, Chapter 387.
   c. To approve Applications for Certificates of Approval and Permits required by those who wish to be employed to operate, supervise or manage Gaming.
   d. To monitor the conduct of holders of Certificates of Approval and Permits and to take action against those no longer considered fit and proper.
   e. To initiate amendments to The Act and Regulations on Gaming and to advise the Minister responsible for Gaming of the same.
   f. To maintain close contact with Gaming Trade Associations with a view to informing itself about new developments and technological advances in the industry so that it can respond to change when necessary.

4.http://www.bahamas.gov.bs/bahamasweb2/home.nsf/vContentW/C311E327DAE2366585256FF200 60B0C3.

g. To maintain close contact with International Gaming Regulators with respect to the exchange of information on gaming related matters.[5]

According to the Government of The Bahamas website on casino gambling, casinos contribute significantly to the economy of that country.[6] Casinos are a major employer of locals and contribute significant tax revenues to the national coffers. In 2002 casino tax revenue alone amounted to almost US$22 million dollars. The Government's 2007-08 budget estimates projected earnings of over US$28 million from the gaming tax. The Atlantis Paradise Island Resort and Hotel is the second largest employer in the country, after the government, with over 5,500 employees. The casino staff makes up 1,100 of those employees and the casino generates over US$100 million in annual winnings. In addition, casinos are an important attraction for the five million tourists who visit the country annually – tourism accounting for 60% of the nation's gross domestic product.

It would appear that no comprehensive impact studies of casinos have been undertaken in The Bahamas, thus it is difficult to determine their social impact on that country. However, it should be noted that since locals are not allowed to play in the casinos, the social impacts are likely to be much less than those in places where locals are permitted.

Impacts of Casino Gambling

Serious concerns about the impact of casino gambling are widespread among both policy makers and researchers. Much of the research points to both positive and negative impacts associated with casinos. The impacts associated with casinos can be classified under three basic areas: social, economic and psychological. These impacts can be both positive and negative, although most of the literature on social and psychological impacts tends to be negative while that on the economy is both negative and positive.

Economic Impacts

Since the 1960s casino gaming has been seen as a policy tool to achieve economic growth. Nowhere has this been more evident than in the US, particularly in the state of Nevada which has been built largely from the revenues earned from casinos and casino related tourism. As Eadington (1999) observes "[t]he economic success of casinos has been reflected in the rapid growth of Nevada, which was among the three fastest growing states in the United States for each

5. http://www.bahamas.gov.bs/bahamasweb2/home.nsf/vContentW/C311E327DAE2366585256FF20060B0C3
6. http://www.bahamas.gov.bs/bahamasweb2/home.nsf/vContentW/C311E327DAE2366585256FF20060B0C3

of the last four decades of the 20th century" (p.173). Las Vegas, Nevada, is the world's largest destination for casino gaming.

The introduction of casinos to Atlantic City in the 1970s was an attempt at redeveloping that area. Largely a tourism area, Atlantic City saw a decline of its population resulting from high rates of unemployment, averaging around 20%, linked directly to local tax receipts and declining tourism arrivals. The area also suffered from a crumbling infrastructure, limited activities and employment options. The plan was to introduce six casinos that would bring in investment and jobs. Over the years Atlantic City has grown to become a major tourist destination in the US offering a variety of attractions, particularly casino gambling.

In the Caribbean, The Bahamas has successfully used casino gambling both as a revenue earner and a way of diversifying its tourism product. Since 1976, when the Gaming Board was established, revenue from casinos contributed estimated millions of much needed dollars to the economy of The Bahamas.

Eadington (1999) states that the casino gambling is often promoted by the private sector and/or policy makers for three reasons. First, it provides enjoyment and entertainment for people. Casino gaming is often associated with providing pleasure outlets for many persons, especially elderly persons. In many Las Vegas casinos gambling is often coupled with other forms of entertainment such as singing or even magic shows to attract crowds to the casinos. Casinos offer vacation packages that include many things such as access to exclusive hotels and services; gambling is but one of many leisure activities.

Second, casinos are associated with securing ancillary economic benefits that include the provision of quick, often low-skilled employment, investment stimulation, tourism diversification and stimulation, redevelopment and development, urban revitalisation and improvement in the socio-economic status of underprivileged groups.

Third, casinos provide additional revenue to the public sector, mainly from taxes earned from operations. This reason is often promoted by governments that use the taxes as a counterbalancing argument against any negatives associated with the industry. However, Sallaz (2003) points out that the "economic desperation" thesis does not totally explain why casinos have emerged across the world, especially the developing world. He argues that:

> . . . the story of the emergence of a global gambling industry is one of the meeting between western gambling corporations seeking to expand into new markets and local "third world" states seeking outside investment for economic development . . . Because of the historical stigmatization of corporate casino gambling, this is a problematic development strategy for all parties involved and one requiring considerable "symbolic labour" (p. 2).

Casino operators and governments have always sought to ensure public support for the industry given the controversy that is often associated with it. Indeed, Eadington (1999) points out that:

> American society is ambivalent about the desirability of permitted gambling; and is struggling to find a comfortable balance. If new technologies push gambling to unacceptable levels by making it available, too exciting, and too dangerous, public acceptance could reverse itself. It is not inconceivable that permitted gambling could be made less available should the body politic decide that what is gained through gambling – including the pleasures of the activity itself – cannot justify the social disruptions and economic dislocations it brings about . . . (p. 191).

Grinols (2003) argues that while casinos may provide jobs, their economic development impact has been overstated. He contends that while many casinos bring in jobs they do not create greater value or a greater stock of wealth for the society, which is a central feature of economic development. Far from creating wealth they may create many negative externalities. These externalities are greater in urban areas where local people tend to gamble. The net impact of gambling tends to be less positive for the urban community because gambling does not typically stimulate the local economy, but rather exports social costs such as crime and pathological gambling habits.

Indeed, Eadington (2003) asserts that not all casino development is equal. He states that while casinos in urban areas are less likely to have a transformative effect than those in rural areas, there are different types of casinos and a cost benefit analysis of casino gambling must take this into consideration. The four different types of casinos include:

- Resort Casinos (e.g. Las Vegas, Bahamas, Australia)
- Rural Casinos (e.g. Sun City South Africa, South Dakota)
- Urban or suburban Casinos (most U.K. casinos, Detroit, Kansas City…)
- Neighbourhood casinos (bars and taverns)

Of these, resort and rural casinos tend to have the greatest net benefits for the community. The others tend to be associated with net negative costs for the community.

Social Impacts

A great deal has been written about the social impacts of casino gambling on communities and families. However, there is disagreement among experts about the intensity of the impacts and generalisability of the findings to places beyond the study areas.

There are several major social impacts identified in the literature. First, some studies point to the fact that divorce rates among casino gamblers tend to be higher than for the rest of the population. In addition, one study found that gambling contributes to stress and tension culminating into divorce (NGISC Report 1999).

Second, studies argue that there is a link between the rate of compulsive gambling and child neglect (NGISC Report 1999). Drawing on data from a number of southern states in the US, it has been argued that higher rates of child neglect are linked to the presence of casinos.

Third, high rates of compulsive gambling have been associated with the prevalence of casinos in some communities, which in turn is linked to higher rates of family violence. This has been identified in places like the Mississippi Gulf Coast which has been said to report significant increases in domestic violence after the introduction of casinos (NGISC Report 1999).

Fourth, suicide rates are said to increase with the introduction of gambling. High suicide rates in Las Vegas and in the Gulfport, Mississippi have been linked to casino gambling.

Fifth, casino gambling has often been associated with increased crime rates. Crime and gambling are seen to be so connected that across the US, before casinos are introduced to a community or state, crime impact studies are normally commissioned, in addition to the usual social and economic impact studies. Below I focus on crime as a special social problem.

Sixth, higher rates of gambling have been associated with living in poorer communities in both the US and Australia. The Gambling Impact Behavior Survey conducted in 1998 in the U.S found that while 15.4% of whites said that they gambled weekly, the proportion was significantly higher for blacks at 22.3% (Volberg 2003). The Survey also found that poorer people were more likely to view gambling as a means of earning money compared to wealthier people who view it as a social activity. The negative effects of casino gambling, therefore, tend to be much greater for the poor than for the non-poor.

Seventh, casino gambling may be linked to higher adolescent and family gambling and consequently an increase in problem and pathological gambling (Derevensky et al, 2003). Based on their research, Derevensky et al (2003) concluded that "Gambling has also become something of a family affair" and that "…the majority of youth tend to gamble with their family (40 to 68 percent) as well as friends (55 to 82 percent)" (p. 242). The researchers further stated that, "the effects of parental gambling have far-reaching consequences" (p. 242). These include the children's higher levels of feelings of insecurity and non-acceptance in the household.

Some researchers have tried to quantify the social costs associated with casino gambling. A study by the National Opinion Research Centre (NORC) estimated that "a crude measure of costs per annum of problem gambling might be about \$3.5 billion, of which \$3 billion is in the category of annual cost (1 percent of 200 million adults multiplied by annual costs of \$1,500), and about \$0.5 billion is in amortised lifetime costs (2% of the 200 million adults multiplied by lifetime

One of the many criticisms of gambling is that it is often linked to sex. **A prevalent theme which recurs in critiques of places like Las Vegas, for example, is the presence of a large and thriving sex industry. Sex is often seen as a means to attract gamblers, especially young men.**

costs of $5,500, spread over a 50-year average adult lifetime)" (Eadington 1999, p. 188). Although, this measure of social cost has been criticised as being conceptually flawed, it represents an attempt to attach a monetary value to social costs.

Generally, some critics of casino gambling suggest that the presence of casinos represents a "slippery slope" for social decay. That is, the presence of casinos, even in specific locations away from vulnerable populations, may make it more acceptable for people to engage in other forms of gambling, ultimately leading to a substitution effect where gambling may be seen as a legitimate job rather than productive work. The result of this could be more intense social problems for the society. For instance, internet gambling and gambling linked to sex work may become more acceptable and prevalent with the rise of casino gambling.

Gambling and Sex

One of the many criticisms of gambling is that it is often linked to sex. A prevalent theme which recurs in critiques of places like Las Vegas, for example, is the presence of a large and thriving sex industry. Sex is often seen as a means to attract gamblers, especially young men. According to Bill Burton, researchers at Stanford University "have published the results of a recently completed research project and they have discovered what most of the Casino owners (and most major advertisers) have known for years; sex sells. The study was conducted by Assistant Professor of Psychology, Brian Knutson who concluded that men were likely to take bigger financial risks after being stimulated by erotic images."[7] This stimulation is associated with the likelihood of increased sexual activity.

In the Winter 2006 "Youth Gambling International" publication, Dr Alissa Sklar, maintains that there is extensive use of sex to sell gambling to young people. This is especially true of internet gambling which is becoming popular

7. http://casinogambling.about.com/b/2008/04/16/sex-sells-gambling.htm

among youth, the main users of the internet. Sklar points out that "[g]ambling disorders which tend to socially isolate at-risk youth may interfere with the development of real-life relationships that can have a protective effect on youth" (p. 2). Research has also shown that the introduction of casinos to communities tends to be accompanied by increases in sex work and sex-related activities (Stitt, Giacopassi and Nichols 1998).

This mixture of sex and gambling is seen as promoting high-risk behaviours among youth. According to Sklar, using sex to sell gambling often leads to the degradation of women and often "obscures the hard reality of gambling and makes risky behaviour attractive to a vulnerable segment of the population" (p. 2). She recommends that this aspect of the link between sex and gambling needs to be further studied and addressed as part of a prevention and awareness programme aimed at adolescents.

Crime and Casinos

Many of the opponents of casino gambling have linked the presence of casinos to increases in crime; those that support casino gambling often point out that the net impact of casinos can actually lead to a decline in the crime rate. Indeed, much of the concern with crime and casino gambling may be traced to the Las Vegas phenomenon, where "[N]evada, which had authorized casinos and other forms of gambling in 1931, was under siege from organized crime fighters from the Attorney General's office, the Justice Department, congressional committees, and the FBI in the 1950s and early 1960s" (Eadington 1999, p. 175). Since the social and business environment was hostile to casinos, early Las Vegas became associated with "dirty money" and ways of doing business which were seen as unethical. Thus the industry ". . . lacked access to mainstream sources of capital through either debt or equity markets, and therefore had to rely on creative, sometimes questionable, sources of financing . . ." (ibid). Combined with the Hollywood movies of organised crime, romantic gangsterism and newspaper stories about corruption and deceit, casino gambling became a metaphor for debates about arrested development.

Studies of the impact of casinos on crime have come up with contradictory findings. Some studies indicate that there is a relationship between the establishment of casinos and different types of crime, while others argue that the relationship is overstated. Two official reports, the New York's Attorney General's Office (1981) and the Twentieth Century Fund (1983), gave a fillip to this argument linking increased crime to casino gambling by stating that the legalisation of casino gambling in Atlantic City in 1978 had actually resulted in an increase in crime there. However the first published study of tourism and crime in casino communities, which was by J. Albanese (1985), found that the two reports suffered from methodological flaws. Albanese argued that the crime rates were too high since these rates were not calculated based on the "population at risk", that is the resident plus the tourist population. Indeed, by using the "population at risk" in his analysis, Albanese arrived at the opposite conclusion, which was that after casino legalisation, the crime rate was less than before. Another study by Curran and Scarpitti (1991) shows that in the post-casino years, while some crimes had increased (e.g. burglary, robbery and larceny), others had also decreased (murder, rape, aggravated assault and motor vehicle theft).

The idea of using the "population at risk" approach is based on the notion that tourism is itself a magnet for crime. This observation is supported in Ochrym (1990) who concluded, based on an analysis of five cities in New Jersey, that tourism areas tend to have higher rates of crime than non-tourism areas, whether or not they have casinos as a an attraction. Tourism is associated with crimes of opportunity, that is, whenever there are large numbers of tourists, the opportunity for crime increases (Miller and Schwartz 1998). According to routine activity theorists (Stitt et al 1998), tourists with large amounts of money going to casinos become perfect targets for criminals.

However, the presence of larger numbers of casinos might lead law enforcement officials to increase their security significantly, thereby having the effect of reducing the opportunity for criminal activity. Therefore, increased tourism and casino activity without improved law enforcement engagement can result in significant increases in crime. On the other hand, the greater presence of law enforcement officials as a result of tourism and casino activity may improve the security of the environment. Still et al (1998) conclude that "[t]he nature of the casino clientele (large number of individuals, many of whom may be strangers in the community, possessing large sums of money) would suggest, consistent with routine activities theory, an increase in crime" (p.7). Further the casino environment is criminogenic by virtue of its activities and the potential role of alcohol to transform that environment to one in which there is less vigilance and control by patrons (Roncek and Maier 1991).

The literature on crime and casinos is therefore not suggesting a simply cause effect relationship between the presence of casinos and a variation in the crime rate; the situation is much more complex. This complexity is highlighted in Still et al (1998) who argue that the link between crime and casinos "…is variable and may be dependent on local conditions not easily generalizable from community to community" (p.i). In this study, the researchers studied crime and casino gambling in seven communities in the US – Biloxi, Souix City, Alton, Preoria, St. Joseph, St. Louis (City) and St. Louis (County). Some offences increased in some communities and decreased in others. Other communities saw significant increases for some crimes. For example, Biloxi witnessed increases in robbery, simple assault, forgery, fraud, credit card fraud, embezzlement, prostitution, drug violations and disorderly conduct. Souix City also witnessed significant increases in most of these offences following the establishments of casinos. Using the "population at risk" they found that in three communities many more crimes increased than decreased, while in three other communities many more decreased than increased. In one community (St. Joseph) the overwhelming majority, 11 of 17, saw no change, although twice as many increased than decreased. The study also found that the only offence category that increased for all jurisdictions after the establishment of casinos was drug violations.

In view of the variability of results and because they could not be absolutely sure if the changes were due solely to casinos, the authors surmised that the findings were inconclusive. While it is clear that casinos may be associated with increased crime in some jurisdictions, its link is at best tenuous in others. This leads to the conclusion that crime is likely to increase with the introduction of casinos only under certain conditions. Factors such as the location and size of the casino, the type of community, the size of the at-risk population and the nature of the effectiveness of laws and law enforcement all affect the relationship between crime and casino gambling.

Psychological Impacts: Problem/Pathological Gambling

There is widespread agreement among researchers that one of the most negative impacts associated with gambling is problem or pathological gambling. The problem is so serious that in 1996 President Bill Clinton established the National Gambling Impact Study Commission (NGISC) to study pathological and problem gambling. In Australia, the Productivity Council is mandated to oversee a similar activity in that country. Research about the impact of gambling on personal behaviour has been ongoing since the 1950s, even though the public policy response to this issue has been slow. The terms "problem" and "pathological gambling" are often used interchangeably by some researchers. However in Australia there is a clear preference for "problem" rather than "pathological gambling".

Problem/pathological gambling is recognised as one of the single most important negative impacts of gambling globally. This issue occupies regulators and officials in gambling jurisdictions all over the world. Researchers in Australia, for example, have done extensive research on the effects of problem gambling and have developed extensive intervention and public policy strategies to address this serious issue. There are numerous gambling treatment centres across the world and specialised programmes for problem gamblers. In urban casinos which tend to target locals rather than outsiders or tourists, the social costs associated with treating problem gamblers are high and often result in net negative benefits for the community or country.

Every year the gaming industry in the U.S. dedicates millions of dollars to study this phenomenon in an attempt to ameliorate the effects in order to stave off criticism by those opposed to gambling. According to Grinols (2003) problem and pathological gamblers are just about 4.5% of the gambling population. Yet, he continues, they account for up to one- third to one-half of the share of casino revenues and not enough is known about how this group behaves and how they impact on the billon dollar industry in the US.

In the 1990s, studies of pathological gambling increased in the US. However, Grinols states that many of the studies are not rigorously done. Implicit in his analysis is the attempt to sweep the problem under the proverbial rug. He warns:

> In spite of the improvement in knowledge in our quantitative knowledge about the effects of gambling, however, misconceptions persist. Gambling opponents emphasize social costs that outweigh social benefits; proponents emphasize "increased" numbers of jobs and "economic" development. It is not uncommon for industry financed studies to report the effect of a casino job yet never compute the value to residents of these jobs or incorporate them into a cost-benefit assessment of casinos (p. 70).

Pathological gambling is defined as an impulsive control disorder according to the American Psychiatric Association (APA) (Grinols 2003). There are two types of problem gamblers: action problem gambler (one who gets a 'high' from gambling), and the escape problem gambler (one who uses gambling to escape from his/her problems (Hashimoto 2008). There are no studies of problem and pathological (P&P) gamblers in the Caribbean. In fact, there is little recognition that this is a problem even though the anecdotal data suggest that the issue of P&P gamblers may be quite serious in the Caribbean. The APA identifies six conditions to be diagnosed as a pathological gambler as reflected in Table 1 below.

Mark Dickerson, who is a Professor of Psychology at the University of Western Sydney, Australia and specialises in researching problem gambling, is not in full agreement with this medicalised approach adopted by US scholars. He argues that "there is no necessary link between uncontrolled gambling and mental disorder" (Dickerson 2003, p. 196). While agreeing to the significant social and psychological impacts associated with gambling, he contends that ". . . the concept of pathological gambling is long past, that the diagnostic label should be dropped from our discourse, and that we use alternative language and models that will more effectively support both:

- The evolution of social policy to deal with the harm to individuals and families that can and does arise from gambling; and
- Psychological research into the processes that contributes to the occurrence of harmful impacts" (p. 192).

Consequently, Dickerson believes that Australia is ahead of the US in dealing with the social and psychological impacts associated with problem gambling.

Table 1: Criteria for Pathological Gambling

Preocupation	Preoccupied with gambling (e.g. preoccupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble)
Tolerance	Needs to gamble with increasing amounts of money in order to achieve the desired excitement
Withdrawal	Restlessness or irritability when attempting to cut down or stop gambling
Escape	Gambling as a way of escaping from problems or relieving dysphoric mood (e.g. Feelings of helplessness, guilt, anxiety, or depression)
Chasing	After losing money gambling, often returns another day in order to get even ("chasing" ones losses)
Lying	Lies to family members, therapists, or others to conceal the excitement of involvement with gambling
Loss of control	Made repeated unsuccessful efforts to control, cut back or stop gambling
Illegal acts	Committed illegal acts, such as forgery, fraud , theft or embezzlement, in order to finance gambling
Risking significant relationships	Jeopardized or lost a significant relationship, job, education or career opportunity because of gambling
Bailout	Reliance on others to provide money to relieve a desperate financial situation caused by gambling

Source: Rachel A. Volberg, 2003. "Paying the Piper: Gambling and Problem Gambling in America" in Gerda Reith (Ed) *Gambling: Who Wins? Who Loses*? Promethus Books, New York.

If indeed casino gambling in Jamaica is opened up to the public, unlike the case of The Bahamas, it is clear that the Government will have to determine which approach to take in addressing these social impacts. The relevant institutions will have to design polices to address the social and psychological problems associated with gambling very early in the process. The findings from scientific studies suggest that there are considerable costs associated with problem/pathological gambling, consequently it makes more sense from a public policy perspective to put mechanisms in place to deal with the potential fallout from casinos very early in the planning process.

Cost-Benefit Studies of Casinos

Studies have interrogated the different sides of the argument regarding the costs and benefits of casinos. Some have shown that the benefits exceed the costs, other indicate more costs than benefits (see Table 2).

Table 2: Summary of Costs and Benefits of Casino Gambling

	Social/Psychological	Economic
Benefits	• Recreation • Infrastructure development from earnings • Poverty reduction and possibilities for better social services	• Employment opportunities • Increased tax revenue • Stimulation of new businesses • Revitalisation of economy
Costs	• Increase in social problems including organised and interpersonal crime, family violence, bankruptcy, illness, suicide and abused dollars • Rise in problem of problem/pathological gambling. • Changes in values away from traditional forms of work to more risk-based approaches	• Cannibalisation of local business • Net negative returns in spending on social and economic costs for certain types of casinos • Transformation in business operations away from productive activities to risk-based ones. • Opportunity costs associated with (theoretically) better alternatives • Loss of productivity

Powell (2003) in an examination of riverboat casinos in Louisiana showed that, contrary to popularly held views, casinos were actually associated with decreases in the total crime rate and property crime rate in the gambling parishes. However, they did not significantly impact on the general quality of life of the communities in which they were established. So while it may appear that there were some positives associated with reduced crime, there were none in terms of positive economic impacts.

On the other hand, Grinols emphasises the net costs associated with casino gambling. In a study of gambling in the US, he identifies nine types of gambling social costs which make it difficult for casino gambling to be cost effective or developmentally oriented:

- Crime (apprehension and police costs)
- Business and employment (lost productivity on the job, lost employment time, other costs to firms)
- Bankruptcy (lawsuits and legal costs, bill collection costs)
- Suicide
- Illness (costs associated with depression, stress related illness, anxiety, cognitive distortions, cardiovascular disorders, chronic or severe headaches, etc.)

- Social services (treatment/therapy costs, welfare, food stamps, costs associated with unemployment)
- Government direct regulation
- Family problems (costs associated with divorce, separation, spousal abuse, child neglect)
- Abused dollars (resources acquired from family, friends, employers under false pretenses)

Based upon estimates of these social costs combined with other data Grinols (2003) estimated that social costs for the country were somewhere between 27.6 to 43.7 billion dollars. He argues that in this regard the social costs of gambling to society are extremely high and are similar to those of illegal drugs and alcohol. He contends that "[a]n economy that includes casino gambling is worse off by $156 per capita compared to the same economy when casino gambling is prohibited" (p. 84). He concludes that "[b]ased on the numbers currently available, casino gambling fails a theoretically grounded, theoretically valid cost-benefit analysis" (pp 84–85).

However, even more categorical in his criticism of casino gambling as a tool of economic development is Robert Goodman, former Director of the United States Gambling Research Institute. Goodman (2003) warns that the attempt to replicate Las Vegas in communities or countries across the world is likely to fail, as Las Vegas represents an exception and not the rule. The success of Vegas had to do with its remote location and the fact that for decades it had a virtual monopoly on mega casino gambling. The same is true of some Indian reservations which have had some measure of success. However, a place like Atlantic City has not fared as well, since one-quarter of its establishments failed within the first four years of its establishment. Despite the glitz of Main Street, Atlantic City is beset with ailing infrastructure and myriad social and economic problems, many linked to the gambling sector. Goodman points out that gambling has a constituency which defends the industry when it starts and it is not something to experiment with, for what is worse is that once the process starts, it has to continue as expectations develop from those who work in the sector. Thus, ". . . legalising gambling ventures creates powerful new political constituencies that fight to keep gambling legal and expanding" (p. 93). Also, when

> . . . the novelty of a new casino wears off, as it inevitably does, revenues tend to fall or flatten, forcing legislators to look for new gambling ventures and gimmicks to keep the money coming in. And as enterprises suffer lower revenues from increased competition or fading consumer interest, they turn to government for regulatory relief and sometimes direct subsidies (p 93).

Goodman cautions countries and communities about using gambling as an economic development strategy. He also contends that the long term costs are sometimes greater than the benefits.

In the case of Jamaica, development policies must also be located in a socio-political context where the following exist:

- High rates of crime
- High levels of corruption
- High percentage of dysfunctional families
- Insufficient and under-resourced social services
- Very unequal income distribution
- High poverty rates
- Polarised political environment
- Low levels of trust

Despite the foregoing concerns, it cannot be denied that there are some places where there have been net gains from casino gambling. Places like Las Vegas and some rural casinos in the US have had some success in deriving substantial net benefits from gambling.

Conclusion

A careful examination of the literature shows that there are costs and benefits associated with gambling. Costs appear to exceed benefits where gambling is largely community-based. That is, when the patrons are largely from the community or the country rather than outsiders or tourists. On the other hand, where casino gambling is associated with a large inflow of outsiders or tourists, the net benefits tend to exceed net costs. Such casinos are resort and rural types, similar to those of some Indian reservations in the US and in The Bahamas. It would appear that The Bahamas benefits substantially from linking casino gambling to the tourism sector. The country also reduces social costs by prohibiting local participation. Consequently, there is much to recommend The Bahamas model, especially in a small economy like Jamaica. the Bahamas model is one that would make economic sense for a small economy like Jamaica.

There are, however, political implications associated with excluding locals from casinos and it does seem that The Bahamas model is unlikely to be followed in Jamaica. If casino gambling in Jamaica is opened up to the public there will be the need to carefully design policies and develop competent institutions (including research ones), to address the economic, social and psychological problems usually linked to casino gambling. As has been shown above, considerable research points to high costs resulting from some aspects of gambling, and such costs may exceed the benefits, over the long-run, if not properly addressed by policy makers.

2 Casino Gambling and The Bahamian Economy

Development, Economic Impacts and Competitiveness Issues

JENNIFER EDWARDS

Abstract

The Bahamas, considered the "grandfather" of the Caribbean's Casino Industry, has undoubtedly benefited significantly from legalised and regulated casino gambling by way of investment, taxes, foreign exchange and employment. Casinos have also been a key factor in diversifying the tourism product and entertainment base of the country and, by extension, in attracting tourists and enhancing The Bahamas's position as one of the leading tourist destinations in the region.

The long-standing success of The Bahamas, however, has not been without issues and challenges as the country continues to reserve legalised casino gambling for tourists only and as it seeks to proactively enhance its competitiveness to ensure its continued long-term success. The experience of The Bahamas is, still, well worth scrutinising by any developing island economy in the region considering or advancing Casino gaming as a legalised policy option within its economy.

This paper, therefore, examines the development of the Casino Industry in The Bahamas, the legalised structure put in place for its development and the economic successes attained by this sector within the Bahamian economy. The paper also provides insights into the issues and current challenges facing the sector and the strategic options identified to address them as the country supports radical changes to maintain the sector's longevity and competitiveness.

Overall, the paper supports that The Bahamas's model of resort-based casino

development for tourists (notwithstanding the modification possible of including some permanent non-national residents) is still an effective policy development option worthy of consideration, as the economic benefits derived in The Bahamas are substantial, with limited or no apparent adverse effects on the population. The paper also supports that a regularised sector that understands, considers and quickly responds to the competitive needs of the sector is key in successfully implementing a Casino Gaming Policy and in maintaining the profitability of casinos within any developing island economy.

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Introduction

In recent decades there has been a significant growth in the casino industry across the Caribbean as some fifteen (15) island-based jurisdictions in this region (Table 1) have sought to add to their entertainment base, augment their tourism

Table 1: Casino Count (2000): The Bahamas & Caribbean

Island Jurisdictions	Casino Count
Antigua and Barbuda	4
Aruba	12
The Bahamas	4
Bonaire	2
Curacao	7
Dominican Republic	22
Guadeloupe	3
Haiti	3
Martinique	2
Puerto Rico	19
St. Kitts and Nevis	3
St. Maarten	7
St. Martin	2
St. Vincent and the Grenadines	1
Turks & Caicos	1
Total	**92**

Source: Adapted from Rudd & Marshall 2000 pg. 214

product and, most importantly, raise revenue. Certainly, unlike the turn of the 20th century when casinos were widespread but mostly illegal, today, with over 5,000 documented casinos and gaming properties across the globe and over 2,000 online gaming sites, casino gambling is a multi-billion dollar worldwide phenomenon that is increasingly recognised as a legal revenue raising sector.

The ability of casinos to raise income for the jurisdictions through licensing fees and taxes levied on gross income is well documented and it is this economic aspect that can be attributed as one of the main reasons for the expansion of legalised casinos by authorities worldwide in general and in the Caribbean in particular.

The expansion of casinos in The Bahamas is, however, not a recent phenomenon as the history of casino gaming in the Bahamian economy has a span of almost nine (9) decades, easily allowing The Bahamas to be considered the "grandfather" in casino development in the Caribbean. In fact, in 1920 the opening of a casino at the Bahamian Club, a hotel in the country's capital city of Nassau, was the first, not only in The Bahamas, but also in the Caribbean region. Indeed, with the opening of another casino in Bimini at the Bimini Bay Rod and Gun Club also in 1920 (Cleare, A. 2007 p. 63) and shortly thereafter on the island of Cat Cay, The Bahamas at that time, was among the few locations offering casino gambling not only in the Caribbean but also across the Americas. These casinos, however, were small and were operated on a seasonal basis in the winter. They were also used exclusively as a complementary entertainment for the foreign visitors staying at these, mainly private clubs; and it is on these principles of being a complementary entertainment linked to an accommodation resort and exclusively for the use of foreign visitors that casino gaming in The Bahamas was built, and these continue to be the same principles that prevail in the country today.

Within the global casino gaming industry The Bahamas has, therefore, supported legalised developments of tourism resort-based casinos as an amenity to its overall tourism product that provides entertainment for the over 4.5 million (2008) international visitors to its shores. In fact, government officials in The Bahamas credit The Bahamas's position as one of the leading tourist destinations in the region with over US$2 billion in visitor spending (2007), to the enhancement provided by casino gambling.

With a gross casino revenue generation of almost US$200 million per annum, this paper supports that The Bahamas has benefitted economically from casinos as a revenue-raising sector of its economy and more specifically through investments, government tax revenue, the generation of foreign exchange and the provision of jobs. In assessing the experiences of casino gambling and its economic successes in the Bahamian economy this paper, therefore, reviews the casino investments made into this economy; the legislative framework in which they must operate; the revenues earned and foreign exchange generated by the

Within the global casino gaming industry The Bahamas has, therefore, supported legalised developments of tourism resort-based casinos as an amenity to its overall tourism product that provides entertainment for the over 4.5 million (2008) international visitors to its shores

Bahamian-based casino industry; the tax revenue raised by government; and the number of jobs generated directly in the operation of these casinos. The paper further provides insights into the issues and challenges of the sector as the country maintains its longevity and competitiveness and, based on the experience of The Bahamas, the paper provides recommendations for consideration by island economies considering casinos as a developmental option.

Casino Investments in The Bahamas Economy

Investment in the casino sector of the Bahamian economy has been undertaken by several internationally-renowned and well-know names in the resort and casino investment business. Names such as Donald Trump, Princess Properties International, the Ruffin Group, Playboy Limited, Resorts International, Sun (Kerzner) International and the Carnival Group of Companies are only some of the names that have together invested billions into casino developments in The Bahamas. These major named players were most prevalent from the mid-1960s when casinos in The Bahamas began a move from being small scale and linked to smaller properties to far bigger facilities linked to the large resorts of today.

Among the first of these major investments were the Monte Carlo Casino at the Lucayan Beach Hotel and the El Casino, which were both undertaken on the island of Grand Bahamas in 1964 and 1966 respectively. Following in 1967 on Paradise Island, the Paradise Island Casino, operated by Paradise Enterprises Ltd., a subsidiary of Mary Carter Paint Co., opened its doors to visitors. This casino together with its associated resort property were purchased by Donald Trump in 1987 and sold to Merv Griffin the following year. In May 1994 this property was acquired by Sun International Hotels Limited and a multi-million dollar re-development of the Paradise Island Casino began which included the name of the casino being changed to the Atlantis Paradise Island Casino, the installation of new signage, new carpeting, new state of the art slot machines, and a new computerized Slot Machine Tracking System. Table 2 provides an overview of the number of properties granted licenses to operate as casinos in The Bahamas from 1964 to present.

Table 2: Major Investors/Operators in The Bahamas Casino Industry, 1964–2009

	Year	Casino	Resort	Location	Investors/Operators
1	1964	The Monte Carlo Casino	Lucayan Beach Hotel	Grand Bahama	Bahamas Amusement Ltd.
2	1966	El Casino (now the Bahamia)	Princess Resort	Grand Bahama	Bahamas Amusement Ltd.
3	1967	Paradise Island Casino	Paradise Island Resort	Paradise Island	Paradise Enterprises Ltd./Mary Carter Paint Co., Donald Trump, Merv Griffin, Sun/Kerzner International
4	1978	The Playboy Casino	Ambassador Beach Hotel	Nassau	Playboy (Bahamas) Ltd.
5	1983	The Cable Beach Casino	Cable Beach Hotel	Nassau	Carnival Leisure Industries Ltd./Carnival Cruise Lines
6	1983	The Crystal Palace Resort & Casino	Crystal Palace Resort	Nassau	Carnival Leisure Industries Ltd./Carnival Cruise Lines, The Ruffin Group, BahaMar Enterprises Ltd.
7	1986	The Lucayan Beach Casino	The Westin & Sheraton Resorts	Grand Bahama	Genting Management (Bahamas) Ltd./Genting International, Carnicon Lucayan Management Associates Limited/Carnival Group of Companies, Continental Group of Companies
8	1995	Columbus Isle Casino	Club Med	San Salvador	Club Med (never began operating)
9	2003	Isle of Capri Casino	Westin & Sheraton at Our Lucaya Resorts	Grand Bahama	Capri Casinos Inc.
10	2006	Four Seasons Casino	Four Seasons	Exuma	PNK (Exuma) Ltd.

Source: The Bahamas Gaming Board

Today, the operator licences of casino investors are still held by the 5,000 sq. ft. casino at the Four Seasons, Emerald Bay, Exuma; the 20,000 sq. ft. casino at the Isle of Capri, Grand Bahama; the 30,000 sq. ft. casino at the Bahamia, Grand Bahama; the 35,000 sq. ft. Crystal Palace Casino in Cable Beach, Nassau; and the 50,000 sq. ft. casino at Atlantis on Paradise Island, which is among the largest in the world, and like the other casinos has been recently upgraded to state-of-the art, Las Vegas style multi-million dollar casino and entertainment facilities that are part of a larger resort.

The Crystal Palace and the Atlantis Casinos are open 24 hours and offer craps, roulette, blackjacks, baccarat, big six wheels, Caribbean stud poker and let-it-ride poker. The Crystal Palace Casino has paigow poker, sports betting and pari-mutuel betting. The Pegasus Race & Sports Book also opened at the Casino at

Table 3: Total Gaming Tables, July 2002 – June 2003

Games	Paradise Island	Crystal Palace	The Casino at Bahamia	Totals
Craps	8	5	5	18
Black Jacks	50	35	26	111
Single Deck Black Jack	6	0	0	6
Roulette	11	6	4	21
Big Six	0	1	1	2
Baccarat	3	3	1	7
Mini Baccarat	1	0	0	1
Caribbean Stud Poker	4	2	4	10
Let-It–Ride Poker	2	2	2	6
3 Card Poker	2	1	2	5
Paigow Poker	2	1	0	3
Totals	**89**	**56**	**45**	**190**

Source: The Bahamas Ministry of Tourism & Aviation

Atlantis in early 2004 allowing wagering on all major sporting events to be a feature of that casino.

Government figures reveal that casinos have a total of 2,226 slot machines and 190 gaming tables over a variety of some eleven (11) table games (see Table 3) in the three main casinos operated on Paradise Island, Cable Beach and Grand Bahama (2002/2003).

With casino investments in the 1960s, the country in general and Grand Bahama in particular were promoted as a "swinging casino destination" (Cleare, A. 2007 p. 184). This seemingly contributed to casinos in the country becoming, even then, a major attraction to tourists as a form of entertainment in which they could participate while they enjoyed a stay at an island beach resort. This was supported in 1968 when one of the earliest studies of visitors' perceptions was undertaken by The Bahamas Ministry of Tourism with support funding from the Inter-American Development Bank. The study revealed that the first strength of the country, as perceived by visitors to The Bahamas at that time, was casino gambling with water sports and nightlife ranking second and third respectively. Travel Agents surveyed in the study also viewed The Bahamas as superior to other warm weather destinations for beaches, water and gambling.

Casinos in The Bahamas today are popular features on casino listings published by the travel and recreation industry. Travel Guard International, a travel insurance provider, for example, in listing the Casino at Atlantis, Paradise Island, reported that this casino had a user rating of "10 out of 10". Adds Travel

Guard: “This is the largest casino in the Caribbean with more than 50,000 square feet of gaming excitement. Guests enjoy over 800 slot machines and 75 game tables, sports and race betting”. Special mention was made of the fact that the spectacular decor includes “three amazing glass sculptures” by world-famous artist Dale Chihuly (Dupuch 2007 p.123).

Legal and Regulatory Framework

Background

All societies should be involved in regulating and controlling gambling activities in some manner. The very nature of casino gambling, including the heightened possibility of cheating, lends itself to the need for effective regulations, which must be in place to uphold the integrity of the industry. The design and implementation of controls to regulate the industry are, therefore, often seen on the one hand, as a means of deterring cheating and, on the other, as a means of improving the image and integrity of the industry. Successful casino jurisdictions have learned, for instance, how to maintain a balance of controls and regulations. If regulations were too lax, crime and corruption might flourish; if regulations were too strict it would be difficult to attract entrepreneurs to invest within a specific area (Rudd & Marshall, 2000 p. 70).

Of paramount importance, however, is the need for any economy legalising casino gambling to ensure that all revenues from casinos and gambling activities are: firstly, properly recorded and correctly taxed; secondly, that all the games are conducted honestly; and thirdly, that the industry is “sanitized” of relations with organised crimes including money laundering and tax evasions. These were some of the underlying concerns in The Bahamas during the 1960s, which not only marked the beginning of major casino investments in the country but was also a turning point in the way casinos are regulated in the country today.

Certification of Exemption to Operate a Casino

Although casinos operated in The Bahamas since 1920, there was really no major regulation on their operation until the late 1960s. Casinos were, however, required to obtain a Certificate of Exemption under section 257 (1) of the country’s Penal Code (Chapter 48) as, in effect, gaming “for the purposes of gain” was legally prohibited. A Certificate of Exemption was, therefore, granted to investors to be legally compliant in operating casinos in the country and the only understanding was that Bahamians would not be allowed. Certificates, then, were generally issued subject only to restrictions on the persons permitted to gamble, i.e. the certificate, in effect, restricted the use of casinos to visitors. Certificates were issued annually.

In the case of Bahamas Amusement Ltd. which, as previously indicated in this paper (Table 1), opened the first major casino in the country on Grand Bahama, the Certificate of Exemption was granted by government in 1963, in order to assist the development of Freeport, Grand Bahama. The Certificate authorised Bahamas Amusements Ltd., to operate an unlimited number of casinos in the island of Grand Bahama each in conjunction with a hotel of 200 rooms or more for a period of ten years.

Casino Taxation

The first attempt to regulate the industry in the manner known today occurred in 1964 with the passing of the Casino Taxation Act of December 29, 1964, which was intended to raise additional revenues for the government and to permit casino gambling as a means of further developing the tourism industry (Thompson, A. p. 81). With no prior major fiscal regulations, it is not surprising that this was a most controversial piece of legislation in the casino development experience of The Bahamas. This Act imposed a tax on all gaming casinos in the country which meant that long standing operators on New Providence, Grand Bahamas and Cat Cay exempted under the Penal Code to operate casinos were now subjected to taxation. To add to this, another related legislation, the Gaming Machines Tax Act, which imposed a tax on slot machines constructed for the purpose of gaming, was also passed at the same time. This, like the Taxation Act, was also aimed at increasing revenue to assist with tourism development.

Commission of Inquiry into Gambling

Towards the end of the 1960's with the proliferation of major casino gaming activities in the country and with still no significant regulation on casino operations, questions were raised by government as to the integrity of operators running some of the casinos, as there was a need, among other things, to ensure that the taxes imposed under the 1964 Casino Taxation Act were correctly recorded and paid to government. In 1967, therefore, the government of The Bahamas commissioned an inquiry into the manner in which the business of casinos operated in the country. Box 1 summarises key areas within the Commission's Terms of Reference.

The Commission found clear accounting and other discrepancies in their inquiries and, at the end, made several recommendations to government which included the introduction of a Gaming Act that would set up a Gambling Commission to control all forms of gambling in The Bahamas, from licensing casinos and supervising their operations, to ensuring that casino cash were checked and that their accounts were audited. The acceptance by the Government of The Bahamas of these recommendations underlies the regulatory scheme now in place as it relates to casino operations.

Box 1: 1967 Commission of Inquiry into Gambling, Terms of References: Excerpt

Enquire into the manner in which the business of casinos operated in Freeport by Bahamas Amusements Limited and in Nassau by Paradise Enterprises Limited has been and were being conducted under Certificates of Exemption issued under section 257 (1) of the Penal Code (Chapter 48) with specific reference to: a) the suitability of persons employed in or in connection with that business and the connections, if any, of such persons with undesirable associates within the Colony or elsewhere; b) whether the legislation regarding casino gambling in the Colony and the administration thereof were adequate and in particular whether there was reason to believe that persons within the Colony or elsewhere had been able or would be able to obtain improper benefit from the profits of casino gambling; c) whether any former or present member of the Government or of the Legislature at any time since 1962 received or agreed to receive any direct pecuniary benefit from the operation of casinos in the country or the introduction or maintenance thereof; d) the accounts of the Companies and the methods of calculating and distributing profits and the recipients of those profits; and e) any payments not disclosed in the accounts made by the Companies or either of them or any person employed by them to any other Company or person.

The 1969 Lotteries & Gaming Act

Further to the Commission's recommendation, the Government of The Bahamas enacted the Lotteries and Gaming Act in 1969 to regulate the country's casino and gaming industry under a Gaming Board which was also established. With the passing of this Act, casinos, given a broad definition in the country's amended Casino Taxation Act (Chapter 371) as "*any gaming house kept and managed for gain by the occupier or any person acting with his authority or with his consent, and operated under a valid licence*", were viewed as financial institutions also falling under the Financial Transaction Reporting Act intended to combat money laundering in the country.

The 1969 Lotteries & Gaming Act was revised in 1978 based on government's decision that casinos should be taken into public ownership. In so doing, it allowed firstly, the Hotel Corporation of The Bahamas to be the only body entitled to the grant of a licence to carry on the business of gaming on any premises, and secondly, the grant of a licence to an operator to manage a casino. This amendment authorized the grant of said licences by the Minister responsible for gaming (the Minister of Tourism) after consultation with the Gaming Board which was established to provide regulatory oversight of the gaming industry in The Bahamas.

The Gaming Board

The Gaming Board established by the 1969 Lotteries and Gaming Act is pivotal to the regulation of the industry today. The purpose of this Board is best reflected in its following Mission Statement:

> The Gaming Board for the Commonwealth of The Bahamas was established in 1969 under the Lotteries and Gaming Act Chapter 351. Its mission is to protect the integrity of the gaming industry by keeping it free from the influence of organised crime, by assuring the honesty, good character and integrity of casino operators and employees and to ensure that gaming is conducted fairly and in accordance with the provisions of the Lotteries and Gaming Act Chapter 387 and the Accounting and Internal Controls Regulations 1993.

The Gaming Board today maintains strict control over gambling in the country. The overall functions of the Gaming Board, however, as outlined in Section 32 (3) of the Act are:

- to keep under review the extent, character and location of gaming facilities which are for the time being provided on premises in respect of which Licences under this Act are for the time being in force, and
- to perform such other functions as are assigned to the Board by this Act.

Box 2 provides the summarised legislated functions of the Gaming Board.

The Gaming Board executes its primary functions with a team of inspectors in charge of investigations, enforcement, audit and electronic surveillance. The functions of its inspectorate are, however, threefold:

Box 2: Summarised Legislated Functions of the Gaming Board of the Commonwealth of The Bahamas

The legislated functions of the Gaming Board under the provisions of the Lotteries and Gaming Act are:

(a) To ensure that those involved in the Gaming Industry in the Commonwealth of The Bahamas are fit and proper to do so and keep the Industry free from all criminal elements;

(b) To ensure that Gaming is conducted fairly and in accordance with the provisions of the Lotteries and Gaming Act Chapter 387;

(c) To approve Applications for Certificates of Approval and Permits required by those who wish to be employed to operate, supervise or manage Gaming;

(d) To monitor the conduct of holders of Certificates of Approval and Permits and to take action against those no longer considered fit and proper;

(e) To initiate amendments to The Act and Regulations on Gaming and to advise the Minister responsible for Gaming of the same;

(f) To maintain close contact with Gaming Trade Associations with a view to informing itself about new developments and technological advances in the industry so that it can respond to change when necessary;

(g) To maintain close contact with International Gaming Regulators with respect to the exchange of information on Gaming related matters. In carrying out its statutory functions, the Gaming Board wishes to ensure, as far as possible, that:

 (i) The interest of the public is protected and that Players understand what they are being offered when they gamble;

 (ii) Licensees, Certificates of Approval and Permit holders are treated fairly and impartially;

 (iii) The Board's requirements and guidance do not impose unnecessary work or costs on the gaming industry;

i. Enforcement

(a) Supervision of Cash and Coin Counts;
(b) Supervision of the collection of drop (money) boxes;
(c) The inspection and testing of gaming equipment;
(d) Testing alarm and security systems to ensure compliance with Gaming Regulations;
(e) Observation of games and casino operations to ensure that gaming procedures are conducted in accordance with the Lotteries and Gaming Act and the Gaming Regulations.

ii. Investigations & Licensing

(a) Responsibility for conducting local and overseas inquiries on prospective casino employees in order to prove their suitability to be employed in casinos in The Bahamas;
(b) The re-vetting of all casino employees to ensure their suitability for continuous employment in the gaming industry;
(c) To liaise with the local police and overseas gaming regulatory agencies for the timely exchange of information.

iii. Audit

(a) To perform audit tests and checks to ensure compliance with the provisions of the Lotteries and Gaming Act and the Accounting & Internal Control Regulations;
(b) The verification of taxes paid and to be paid by licensees to the Department of the Public Treasury;
(c) To compile monthly and annual casino statistics which include the drop and gross casino winnings.

Legislation Changes

Since the establishment of the Gaming Board, significant changes have been made in the casino and gaming legislative and regulatory framework in The Bahamas. These changes include:

In 1993:

- the implementation of the Gaming Regulations (Accounting and Internal Control Regulations, the Casino Games Regulations, and the Gaming Equipment Regulations);
- the reduction of import duties on slot machines; and
- the implementation of the Cruise Ships Overnighting Incentives Act.

In 1995:

- the introduction of Sports Betting;
- an amendment of the Casino Taxation Act to provide a new tax schedule for

casinos with a floor space of not less than five thousand square feet but less than ten thousand square feet; and

- the introduction of pari-mutuel wagering.

In 2001:

- an amendment to the Lotteries and Gaming Act to impose a duty on the Board to satisfy itself that the provisions of the Financial Transactions Reporting Act, 2000 are being complied with.

In 2002:

- the introduction of new games.

To ensure that the casino and gaming industry remains profitable, free from undesirables and properly regulated, the Board believes that it has to continue what it sees as an excellent working relationship that it has developed with: the public service sector – The Royal Bahamas Police Force, The Security and Intelligence Branch of The Royal Bahamas Police Force which works closely with INTERPOL, the Immigration Department, The Public Treasury, The Department of the Auditor General, and The Attorney General's Office; and the private sector Gaming Association.

In order for the industry to remain competitive the Board has outlined that it is in the process of carrying out major amendments to the laws and gaming regulations. In fact, the Minister of Tourism and Aviation under whose portfolio the Lotteries and Gaming Act falls has recently informed the media that he "looks forward to receiving input from the Casino Association" as government is in the process of making legislative changes that are needed for the sector's continued competitiveness.

Employment

Background

Data for The Bahamas estimate that tourism accounts for approximately 50,000 jobs or about 38% of total employment in the country. This figure generally represents some 35 jobs for every $1 million spent by visitors. The largest share of the employment created within the Bahamian tourism-based economy is due to the direct employment by the tourism related sectors of hotels, restaurants, casinos, taxis and duty-free establishments. As part of this direct employment base, jobs created directly by the casino industry, as indicated in Table 4, add to the range of possible positions available within an economy.

Given the size of the various investments in casinos, it is safe to say that a significant number of additional jobs would have been created indirectly in the construction, refurbishment and related areas of development. It is also safe to say that indirect job creation, though unaccounted for in this paper, continues as casinos are operated on a daily basis.

Table 4: Jobs Created/Industries Supported by the Casino Industry

1. Croupiers	8. Security	15. Playing Cards	22. Construction
2. Games Supervisors	9. Credit Employees	16. Gaming Tables	23. Transportation
3. Pit Bosses	10. Surveillance	17. Change Machines	24. Hotels
4. Shift Managers	11. Junket Representative	18. Slot Machines	25. Entertainment
5. Cage Employees	12. Dealer's School	19. Surveillance Equipment	26. Legal Professionals
6. Slot Employees	13. Dice	20. Casino Furniture	27. Accounting & Audit
7. Professionals	14. Private Investigations	21. Administrative Staff	28. Sports-betting Staff

Casino Personnel: The Bahamas

Casinos employ a significant amount of Bahamians in all areas of job positions of the industry. Bahamians are Croupiers, Games Supervisors, Pit Bosses, and Shift Managers. They are also employed as part of the Cage Staff, the Slot Staff, the Surveillance Crew and the Security team. Others are employed in Administration and Accounting and as general floor and other staff within the casino.

Gaming statistics show that in June 2002, the total number of employees employed directly by casinos totalled 2,747 of which 88% are Bahamians. This breakdown is tabulated below in Table 5. Based on Table 5, Atlantis Paradise Island Casino provides, with 972 employees, the largest number of jobs in the casino sector in The Bahamas.

A sample breakdown of the 1999/2000 figures on local employment by job category further shows that over 500 employees work as Croupiers, 97% of whom are Bahamians; over 700 as general employees, 99% of whom are Bahamians; 44 as Pit Bosses, 73% of whom are Bahamians; 9 as Shift Managers, 67% of whom are Bahamians; 163 Games supervisors, 69% of whom are Bahamians; 250 Cage Employees, all of whom are Bahamians; and 162 Security

Table 5: Total Casino Employees, The Bahamas, July 2001–June 2002

Casino	Bahamians	Expats	Total
Paradise Island	972	150	1,122
Crystal Palace	598	97	695
Bahamia Casino	530	75	605
Isle of Capri	315	11	326
Total	**2,415**	**333**	**2,748**
Percentages	**88%**	**12%**	**100%**

Employees, all of whom are Bahamians. In addition to Croupiers, who make up the largest categories of casino employees, casinos have created employment in about 16 work categories indicated in Table 6. Table 7 provides further insight into some of the specific job titles (approximately 60) within these employment categories at the Paradise Island and Cable Beach casinos in The Bahamas.

Table 6: Casino Employment Categories, The Bahamas

1. Administrative & Executive Employees	5. Domestic Employees	9. Computer/ Technical Staff	13. Sportsbetting Employees
2. Service & Activities Staff	6. Cage Employees	10. Pit Bosses	14. Junket Representatives
3. Accounting Employees	7. Croupiers	11. Games Staff	15. Security Staf
4. Credit Employees	8. Slot Employees	12. Shift Managers	16. Surveillance Employees

Table 7: Casino Job Titles at Atlantis Paradise Island and Crystal Palace Casinos, The Bahamas. April 2009

1. Director of Casino Services	13. Concierge/ Doorman	25. Night Auditor	37. Croupier	49. Pit Boss
2. Casino Manager	14. Director of Sales/ Marketing	26. Internal Auditor	38. Scheduling Assistant	50. Gaming Inspector
3. Duty Manager	15. Sales/ Marketing Coordinator	27. Accounts Receivable Supervisor	39. Director of Slots	51. Gaming Supervisor
4. Administrative Manager	16. Convention Coordinator	28. Executive Housekeeper	40. Assistant Director of Slots	52. Director of Security
5. Office Manager	17. Personnel Manager	29. Space Cleaner Supervisor	41. Supervisor of Slots	53. Security Manager
6. Confidential Secretary	18. Personnel Clerk	30. Food & Beverage Cashier Supervisor	42. Floor Manager of Slot	54. Chief Security Officer
7. Secretary	19. Financial Controller	31. Director of Cage	43. Slot Attendant	55. Security Supervisor
8. Assistant Manager: Guest Services	20. Accountant	32. Cage Manager	44. Slot Technician	56. Security Officer
9. Manager Entertainment/ Activities	21. Assistant Financial Controller	33. Cage Supervisor	45. Slot Mechanic Supervisor	57. Surveillance Monitor
10. Service Agent	22. Accounting Clerk	34. Cage Cashier	46. Computer Manager	58. Surveillance Technician
11. Social Host	23. Credit Clerk	35. Currency Counter	47. Computer Operator Supervisor	59. Foreman-Maintenance
12. Social Hostess	24. Income Auditor	36. Change Cashier	48. Chief Mechanic	60. Miscellaneous Casino Jobs

Source: The Bahamas Hotel Employers Association Casino Employee Data

Gaming Board Staff

Employment created to regulate the sector by government should not go unnoticed even if one only considers the employment within the Gaming Board, as these positions were created specifically for the industry.

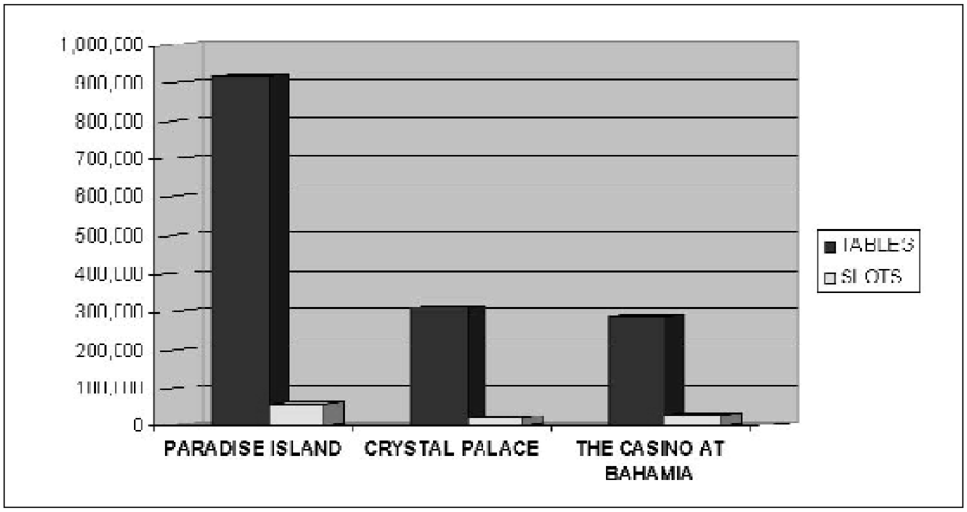
The responsibility for the daily operation of the Board is that of the Secretary who is supported by two Deputy Secretaries – one in Nassau and the other in Freeport to monitor the casino operations in Grand Bahama. The total support staff of the Gaming Board (2000) is made up of 82 persons, the largest categories of which are Inspectors (26) and Clerks (11). The Technical Inspectorate arm of the Gaming Board responsible for Investigations, Audits, Enforcement and Electronics is also made up of an additional 44 persons making the sum total of 162 paid full time individuals of the Gaming Board. Based on the combined Casino and Gaming Board staff, the industry has directly generated some 2,909 jobs in the economy.

Revenue Generation

Industry Revenue

The revenue generation aspect of the casino industry is the most compelling economic reason for policy development towards casino or for considering any sort of involvement in this sector. Gaming revenue produced by the American Gaming Association for 2007 reveals some $92.27 billion in Gross Gambling Revenues (GGR[1]) by the sector. Of this amount commercial casinos, including deepwater cruise ships and cruises to nowhere, generated some $34.41 billion. In The Bahamas, the Combined Gross Revenue[2] (winnings – amount of money that the three Casinos that operated in The Bahamas for the period July 1st 2002 to June 30th 2003 had left after expenses), stood at US$198,117,705.00 or approximately $200 million. Of this amount, The Casino At Bahamia (formerly Princess Casino Ltd.) in Grand Bahama generated $29,116,920.00, Crystal Palace Casino in Cable Beach generated $34,464,121.00 and Paradise Island Casino $134,536,664.00. In 2008, though the figure was approximately $7 million less than that of the 2002/2003 period, the combined total gross revenue was still within the $US190 - US$200 million range of revenues generated in the period 2000/2007.

1. Gross gambling revenue (GGR) is the amount wagered minus the winnings returned to players, a true measure of the economic value of gambling. GGR is the figure used to determine what a casino, racetrack, lottery or other gaming operation earns before taxes, salaries and other expenses are paid – the equivalent of "sales" not "profit."
2. Casino Win is the amount of money that the Casino has left after expenses (e.g. expenses includes winnings of the patrons) of the table.



Graph 1: Tables/Slots Revenue 2003: Bahamas Casinos

Graph 1 provides revenue winnings from tables and slots for each of the three casinos in the country in 2002/2003. Table games, though less in numbers, generate the major part of all The Bahamas Casino Industry's casino earnings. The Atlantis Paradise Island Casino, the leaders in terms of revenue generation in the industry, generated some US$900,000 alone from table games.

Government Revenue

Government receives gaming revenue from four (4) sources that must be paid by casinos:

i) Basic Taxes

ii) Winning Taxes

iii) Fees for Permits and Certificates

iv) Application Fees for Casino Personnel

The government is guided by the Casino Taxation Act previously mentioned and its Amendments with regard to the tax revenue it collects from the casino sector. Under the Act casinos are required to pay a basic annual tax based on the floor space they occupy. They are also required to pay a winnings tax based both on the floor space they occupy, and, but more significantly, on their gross winnings up to certain levels. Casinos, depending on the category in which they fall, may pay up to $200,000 in basic taxes and up to 25% on their gross winnings. Box 3 provides the breakdown of this Taxation Schedule as contained in the Act.

Box 3: The Casino Taxation Act Chapter 335 Schedule 9Section 3(1), The Bahamas

PART I: BASIC TAX

a) Basic tax payable in respect of a casino with a floor space of less than 5,000 sq. ft	$50,000
b) Basic tax payable in respect of a casino with a floor space of not less than 5,000 sq. ft. but less than 10,000 sq. ft.	$100,000
c) Basic tax payable in respect of any other casino	$200,000

PART II: WINNING TAX (Section 4 (3))

a) Winnings tax payable in respect of a casino with a floor space of less than 10,000 sq. ft.

On gross winnings up to and including $10,000.000	10%
On gross winnings in excess of 10,000,000.	15%

b) Winnings tax payable in respect of any other casino

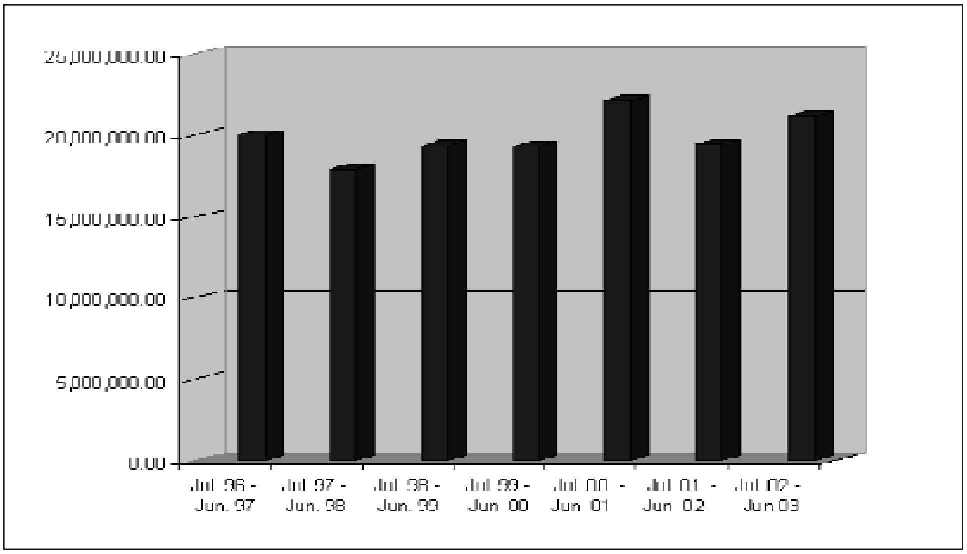
On gross winnings up to and including $10,000.000	25%
On gross winnings in excess of $10,000,000 up to and including $16,000,000	20%
On gross winnings in excess of $16,000,000 up to and including $20,000,000	10%
On gross winnings in excess of $10,000,000 up to and including $20,000,000.	5%

The latest published Annual Report of The Gaming Board (1999–2000) revealed that just over $20,000,000 was received by government in gaming revenues as detailed in Table 8 with the major portion coming from the winning taxes – $19,369,273.00. Graph 2 also provides an overview of the revenue received by government for the period beginning July 1996 and ending June 31, 2003 which shows government revenue as having ranged between US$18 and US$23 million over that period. Graph 3 compares the tax contribution of each property against their winnings, across the board, in comparison with the overall winnings.

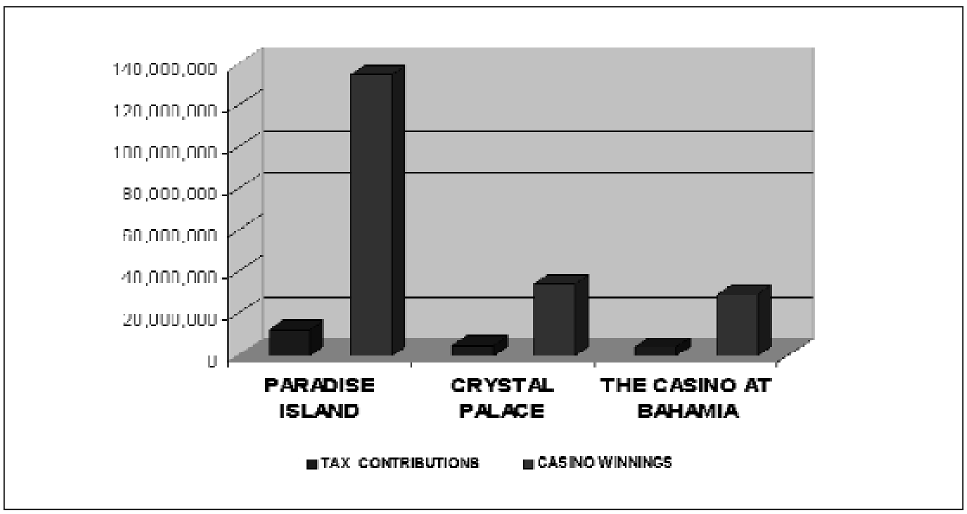
Table 8: Gaming Revenue of the Government of The Bahamas, July 1999–June 2000

Basic Taxes (3 operating casinos @ $200,000)	$600,00.00
Winning Taxes	$19,369,273.00
Fees for Permits & Certificates	$35,830.00
Application Fees for Casino Personnel	$46,600.00
Total Gaming Revenue	**$20,051,703.00**

Source: Annual Report of the Gaming Board 1999–2000



Graph 2: Gaming Revenue of The Bahamas Government, 1996–2003



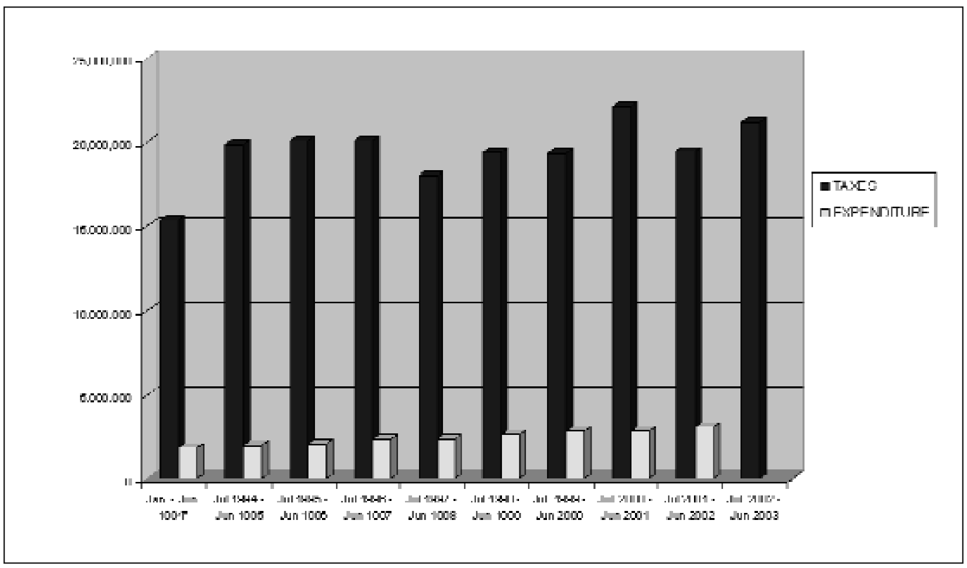
Graph 3: Bahamas Casino Tax Contribution vs Winnings, 2002/2003

Government Expenditure

At just under $3.5 million, the expenditure of the Gaming Board is within the range of 15% of the revenues raised on an annual basis. This, therefore, leaves government some 85% in net revenue and US foreign exchange as this income is "new money" that is injected into the Bahamian economy. This analysis is presented in Table 9 in tabular format with a breakdown of the expenditure of the Gaming Board from 1993–2003. Graph 4 graphically contrasts the Game Board's expenditure against the taxes raised.

Table 9: Gaming Board Expenditure 1993–2003

Year	Personal Emoluments ($)	Other Charges ($)	Total ($)
1993–1994	1,372,225	458,345	1,830,570
1994–1995	1,457,490	532,111	1,989,601
1995–1996	1,456,145	589,872	2,046,017
1996–1997	1,667,543	671,142	2,338,685
1997–1998	1,708,163	622,040	2,330,203
1998–1999	1,919,654	683,238	2,602,892
1999–2000	2,031,951	765,331	2,797,282
2000–2001	2,112,540	721,582	2,834,122
2001–2002	2,353,302	706,388	3,059,690
2002–2003	2,633,182	800,185	3,433,367



Graph 4: The Bahamas Gaming Board Expenditure vs Taxes 1994–2003

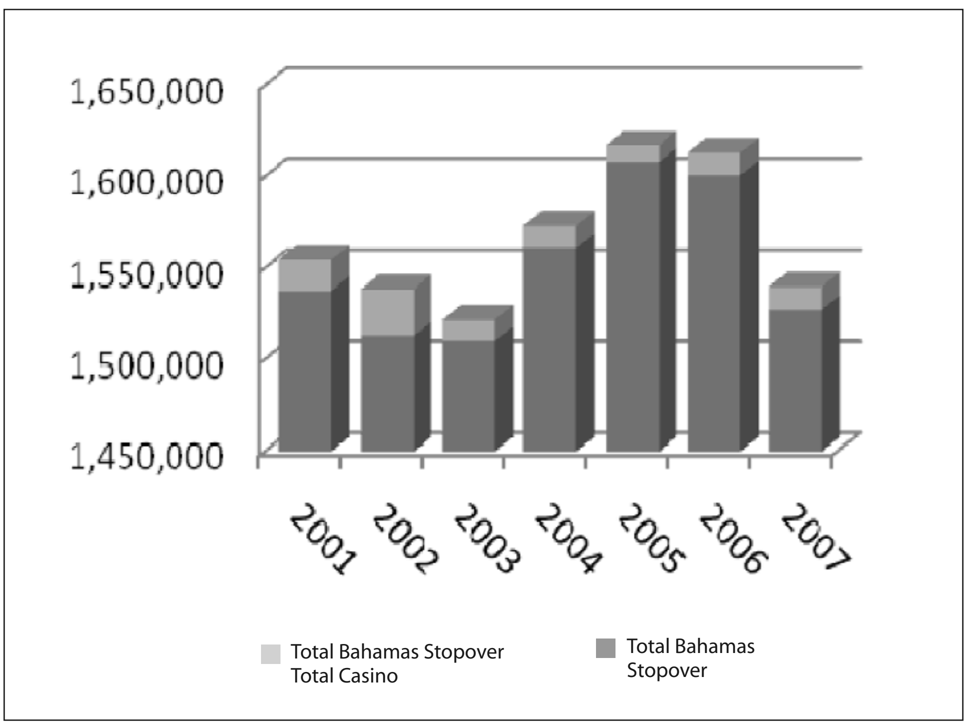
Tourism and Casino Revenue/Expenditure

According to The Bahamas Ministry of Tourism and Aviation, the number of stopover visitors who say that they came to The Bahamas because of gaming is very small compared with overall stopover arrivals. According to the data as detailed in Table 10, between 0.8% and 1.1% of the stopover visitors to the country came specifically to gamble. This figure is a bit higher in Grand Bahama where up to 3.8% of their stopovers are casino visitors. This information is also shown in graphical format in Graph 5 and reflects clearly that while junkets may

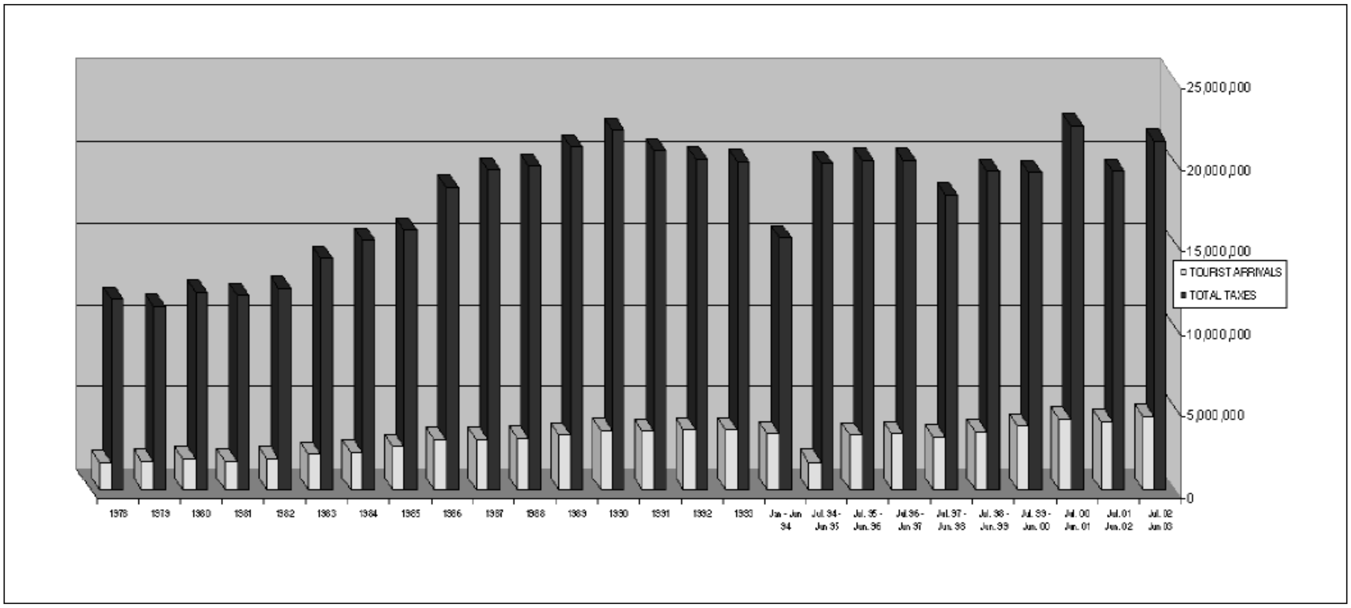
Table 10: Stopover Visitors vs Visitors due to Casinos, Islands of The Bahamas, 2001–2007

Year	Total Bahamas Stopover	Total Casino	% Casino	NASSAU/PI Stopovers	NASSAU/PI Casino	% Casino NASSAU/PI	Stopovers Grand Bahama	Grand Bahama Casino	% Casino* Grand Bahama
2001	1,537,780	16,916	1.1%	900,625	6,304	0.7%	406,766	8,949	2.2%
2002	1,513,151	25,724	1.7%	880,855	8,809	1.0%	410,687	15,606	3.8%
2003	1,510,169	12,081	0.8%	895,612	8,956	1.0%	376,425	2,259	0.6%
2004	1,561,312	12,490	0.8%	921,933	8,297	0.9%	374,433	4,119	1.1%
2005	1,608,153	9,649	0.6%	1,019,017	7,133	0.7%	316,265	1,898	0.6%
2006	1,600,862	12,806	0.8%	1,019,198	8,154	0.8%	298,937	2,989.37	1.0%
2007	1,527,726	12,222	0.8%	960,766	10,568	1.1%	279,193	1,117	0.4%

Source: The Bahamas Ministry of Tourism and Aviation: Figures are rounded to the nearest whole number
*The casino in Grand Bahama has had a number of changes with management, which may have affected the number of visitors choosing that destination primarily for the casino.



Graph 5: Total Stopover Visitors vs Casino Visitors, 2001–2007



Graph 6: Bahamas Tourist Arrivals vs Casino Tax Revenue, 1978–2003

be included in the data for visitors, casino visitors do not account for a significant percentage of arrivals to the country.

When total tourist arrivals are matched against tax revenue generated, it is clear that visitors, across the board, participate in casino gaming; and not only the small numbers who were drawn to the country because of casinos. This lends support to the fact that casinos are a form of entertainment for all visitors, generally, and not only for those who choose to come specifically for this. It is, therefore, a form of entertainment that adds to the product of activities for visitors while they are in the destination and allows foreign exchange revenues to be maximised by the destination visited.

Key Issues and Challenges

Generating, receiving and maintaining the economic benefits of the casino sector in The Bahamas over the years were not without challenges, and issues arose from all sides: population, casino employees, investors, and government within the economy.

Resistance from the Church

One of the challenges during, especially, the earlier expansion stages of casino development was the concern and resistance by the members of The Bahamas Christian Council, a grouping of religious leaders from various denominations in the Christian faith within the society. As early as June 1965 both the Catholic

Bishop of Nassau, the Right Rev. Paul Leonard Hargarty O.S.B. and the Methodist Minister, the Rev. Philip Blackburn, Chairman of The Bahamas Christian Council addressed letters of objection to government to the granting of approval for the Paradise Island proposed casino investment (Thompson A., pg 94). The main grounds of objection were:

- that the casino would keep away a large number of decent tourists;
- that such a tragedy would do great harm to The Bahamas and to its people;
- that it would bring in undesirable immigrants from the foreign underworld – pimps, prostitutes, narcotics peddlers etc.;
- that it would create immeasurable problems for the police, and bring in easy money, and
- brining in easy money "but demoralising our people" was a long term irretrievable loss.

The Bahamas Christian Council went further in 1966 to assist in organising a prayer service on the Western Esplanade opposite the Bahamian Club in protest (location of the first Nassau based approved casino). Oddly enough, Sir Roland Symonette, the Premier of the country at that time, read the scripture lessons. Like this protest and others, the religious objections generally went unanswered.

In recent times there has been little or no comment, as evaluated from the media releases on the issue of casinos by the religious core in the country. Today there appears to be either tolerance or a general acceptance by Bahamians of casinos as being part of the tourism product. In fact, notwithstanding the continued development of the industry there appears to be little or no recorded evidence of any adverse effect on the population brought on by the development of casinos. While Bahamians do not participate as gamblers, they are fully involved as casino employees and even this has apparently had little or no negative effect on residents. After almost 90 years of casino operations in The Bahamas, the original fears of the church have not yet been realised.

Interestingly enough, while casino gambling is restricted to tourists, gambling in other forms is permitted in The Bahamas as a fundraising venture for the mainly non-profit and other charitable causes including that of the church. There is also an unofficial billion dollar illegal gambling industry in the country (numbers betting) that is well entrenched in the Bahamian society and is not tackled as aggressively or addressed openly either by the church or by government.

Objections from Permanent Residents

Ironically, resistance to being debarred from casino gaming has now come to the forefront by industry operators and permanent non-Bahamian residents. In the earlier part of 2009, the court, for instance, heard the plea of a resident non-Bahamian from the Lyford Cay gated community who felt that permanent residents should not be classified as resident Bahamians, and so should be allowed to gamble. In most cases such residents would have invested heavily in the country and their income would be heavily generated outside of the county.

Several leaders in the industry support consideration of this issue by government and believe that some Bahamian residents, particularly second home owners who have a proven net worth should be given the chance to play as part of an effort to “shore up casino profits”.

Interestingly enough, the 1967 report of the Commission of inquiry into casino gambling, noted that there was no “compelling reason for excluding adult Bahamians or other residents in The Bahamas from the opportunity to play at the casinos” and recommended that the restrictions be removed. This recommendation was rejected by the government at that time but may resurface again within the current competitive climate faced by the industry.

Local Employment in Casinos

While recognition is given to employment in casinos as part of the total employment generated directly by tourism in The Bahamas, casino surveys in the 1950s 60s, 70s, and even partly in the 80s, would have revealed that while jobs were created, they were not created for Bahamians. This fact goes back to the development of the casino industry in The Bahamas, as Bahamians were not only debarred from gambling in casinos but also from taking employment in the gambling sector. This policy was believed to be appropriate in the early development of the casino sector to again reduce any negative influences on the local population.

With the establishment of the Gaming Board in 1969 and the subsequent decisions of government to become owners of the casino sector, however, the position was taken to “change the face of the employment landscape” in all casinos operating in The Bahamas. In fact, the Gaming Board notes that at its inception in August 1969, there were virtually no Bahamians employed in any of the casinos that operated within the gaming industry at that time. At the fourth Ordinary Meeting of the Gaming Board, to ensure that Bahamians were employed in the sector, a position was adopted by the Board that entailed the casinos’ submitting applications for the employment of Bahamians.

To avoid the vulnerability of the position of dependence on foreigners to man the tables (croupiers), the Government also made a policy decision that Bahamians should be employed on the tables. In August 1983, after intense overseas training, thirty-one (31) Bahamians were issued with Certificates of Approval to perform the functions of a Croupier at the Paradise Island, Princess and Cable Beach Casinos.

Lack of Training/Educational Institute

While Bahamians were eventually able to be employed in areas such as the Cashiers Cage, Credit, Slots, Food and Beverage, Security and Surveillance departments within casinos, employment on the gaming tables or in any supervisory capacity in the Gaming Department proved challenging given the skill set required in these areas, and training was not done locally for these positions at that time.

This sent a clear message to government that if its citizens were to play a key part in the industry the educational support through its academic and vocational institutions must be put in place or private institutes must be encouraged to provide the service locally. Clearly development needs must be matched by the training and education support to facilitate it if it is to be effective.

Today there are several private gaming schools run and operated by Bahamians. The College/University of The Bahamas also ensures that Casino Operation and Management are factored into its Tourism Management degree programme, as the country continues to develop the knowledge base and skills set needed in the casino industry.

Over the ensuing years, many Bahamians have benefited immensely from the training in casino games and casino operations that is now available in the country and have progressed to fill positions such as Assistant Casino Managers, Shift Managers, Pit Bosses, Supervisors and Croupiers. This occurrence, however, has happened only in the recent one and a half decades of almost nine decades of casino development in The Bahamas.

Decrease in Patronage of Native Clubs/Shows

The only negative published impact found that was ascribed to the development of Casinos, especially in the capital city of Nassau, was the "decline in popularity of native night clubs" (Cleare, A. 2007 pg. 209). With the advent of the Las Vegas style casino shows at the Crystal Palace Casino in Cable Beach and at the Atlantis Paradise Island Casino on Paradise Island, native night clubs were less attractive than they were before and saw a decline in their international patrons as casino shows picked up.

Tourism officials and entertainers have recalled, for example, the native shows with limbo and other native dances and entertainment that were prevalent before and just after the beginning of the Casino shows at Crystal Palace Casino in Nassau. One of the first indications of the downfall of the native clubs began when show dates for both local shows and casino shows were scheduled simultaneously. Cruise passengers and other tourists who would otherwise have gone to the native shows were then directed by their coordinators to the shows at the casino. After a while it was no longer viable to keep the doors of the native shows open.

With the advent of large scale casinos, local entertainers have had a set-back and while the sector is expected to return even in a redefined format, to elements of its former glory, the comeback has posed somewhat of an up-hill challenge for some entertainers.

Casino Employees Representation

With the now significant number of Bahamians working in casinos the issue of representation to employers and government as a unified voice has come to the forefront in recent times. The next step for casino employees in that regard, and as encouraged by public sector officials, is the formation of some sort of casino workers association. This situation is a new occurrence, the outcome of which is undetermined at this time.

Remaining Competitive in an Expanding Sector

The casino industry in The Bahamas has gone through peaks and valleys in its long history and it has survived. Notwithstanding this, with an expanding casino industry in the United States, which provides more than 75% of the visitors to The Bahamas, the competition facing The Bahamas is continually increasing.

Of even greater significance are the two recent bills passed by the Florida Senate Regulated Industries Committee that will, among other things, lower the legal gambling age from 21 to 18 (now same as The Bahamas), add to the stock of legally available casinos and increase the variety of tabled and slot games available. The advantageous position that The Bahamas has held in the past is now under question by both government and industry alike. It is not surprising, therefore, that a call was made by the Minister of Tourism and Aviation, for the sector to scrutinize its operations and proactively enhance its competitiveness to ensure its continued long-term survival.

On the industry side, leaders believe that a "radical change" is needed if they are to survive new competitive threats, and call for a very comprehensive approach that would also look at the regulations and legislation that will allow The Bahamas as a jurisdiction for gaming to be able to compete with other gaming jurisdictions around the world. The industry expects that this approach would, for example, include:

- changes in some of the Gaming Board's approval processes, such as the approval process for new games, which would need to be more timely, particularly in light of Florida's ruling;
- longer term approvals for employee gaming licences;
- approval of new games, and
- a review of the restriction on permanent residents to participate in casino gambling.

As reported in the *Daily Tribune* (Monday March 27, 2009), the President of The Bahamas Hotel Association feels that the upgrades to Florida's gambling centres, in particular, represent a looming threat to the attractiveness of Bahamian casinos in the US market. The President called for the modernisation of the gaming sector in the quickest possible time. Other professionals within the industry suggest that the Florida bill would "cripple" the Bahamian gambling industry keeping Floridian gamblers at home and drawing those from other states to gamble in Florida rather than in The Bahamas.

Clearly the competitiveness of the sector is at stake and all parties involved are expecting collaboration as they continue to work towards maintaining the competitiveness of the gaming industry in the country.

Conclusion

The experience of The Bahamas is well worth being scrutinised by any developing island economy in the region advancing Casino gaming as a legalised policy option within its economy. While this paper has not gone into an in-depth analysis of economic impacts of legalised casino gambling in The Bahamas, nor provided empirical data and detailed reviews of the social impact on the population, the analysis done provides the basis for either of these detailed areas of economic and social reviews to be undertaken. It does, however, enable the following general conclusions and suggestions in the subsequent recommendations to be put forward for consideration:

- The Bahamas has benefited significantly from legalised and regulated casino gambling by way of investment, taxes, foreign exchange and employment.
- The majority of tourists are drawn, not necessarily because of gambling, but rather because of the additional activity gambling provides. Casino gambling, therefore, adds to the tourism product and offers a viable avenue to maximising tourism spending and, in turn, foreign exchange generation.
- The development of casinos in The Bahamas has had little or no adverse social impact on its population.
- The highly regulated industry served to ensure that the country benefited effectively from the sector's earnings.
- The responsiveness of the regulatory framework in The Bahamas, while changes should be examined to ensure continued industry competitiveness in the current environment, has generally assisted in the ability of the sector to respond to competition and to maintain its longevity as a casino gaming destination.

Recommendations

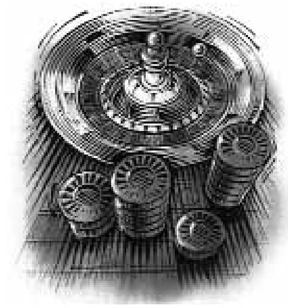
1. The Bahamas model of resort-based casino development for tourists should be considered as a development option to maximise the economic earnings of this sector to Jamaica.
2. The training and manpower development needs of the sector should be mapped out so that the country can ensure that its citizens are employed at all levels within the sector.
3. The sector should be effectively regulated, and the country should ensure that manpower to monitor and implement the regulatory framework is available and suitably trained.
4. The sector should be regulated by a structure that can understand, consider and respond quickly to the competitive needs of the industry while ensuring that its goals are met.

The experience of The Bahamas is well worth being scrutinised by any developing island economy in the region advancing Casino gaming as a legalised policy option within its economy.

3

Jamaica's Casino Adventure

Economic and Social Lessons from Mississippi



COOPER JOHNSON AND JAMYE LONG

Introducing casinos to an area is a complicated process that has profound effects on the economic and social structure of the established region. This research reflects on the economic and social impacts casinos have had to the state of Mississippi and provides lessons for areas considering or recently legalising gambling.

Mississippi's first casino was introduced in 1992, and the state has steadily evolved economically and socially ever since. This research discusses the changes this state has experienced throughout its history of legalised gambling. Additionally, this research provides parties interested in the approval of the casino industry into the tourist regions of Jamaica with estimated expectations and lessons that can be learned from Mississippi's experience in this specialised industry.

Economic Impact

Will casinos have a positive impact on the Jamaican economy? There is no clear answer to this question, however an analysis of data related to casino operations in Mississippi will assist in examining this issue. Select variables from the established data provide indicators that can be used to assess the positive or negative economic impact casinos will have on Jamaica. The variables from the Mississippi data examined in this article include employment, casino employee wages, gross revenues, number of patrons (visitors), number of casinos in operation, tax revenues, and other casino activities that have an economic impact.

Local Employment

Casinos require labour in order to function. This commonly leads to the belief that casino operations will increase the number of local people employed in an area resulting in a reduction of unemployment. This is true given the local labor supply possesses the skills required by the casinos. If the area does not, then employees will be transferred from other areas resulting in little or no reduction to the local unemployment rate. It is imperative that the local labor supply possess the necessary skills for successful operation of the casinos in order for the desired employment change to be achieved (Garrett, 2003).

Table 1 provides data for the number of people employed by casinos in Mississippi between 2000 and 2007. The data show that the number of employees decreased each year except in 2007. The amount of wages for casino employees remained for the most part unchanged except for years 2005 and 2006, which is when casinos located on the Mississippi Gulf Coast were closed due to Hurricane Katrina. One explanation for this may be that the casinos streamlined their operations and thus were able to provide the same services with fewer employees. Another explanation could be that a larger number of employees may have been cross-trained thus reducing the number of employees needed to provide the same services.

An average of 30,344 people were employed by casinos in Mississippi in the years 2000–2007. One must not be deceived by employment data. On the surface

Table 1: Number of Employees, Amount of Wages, and Number of Casinos by Year in Mississippi

Year	Employees	Wages	# of Casinos
2000	34,209	$1B	30
2001	32,510	$1B	30
2002	31,343	$990.1M	29
2003	30,377	$1,088B	29
2004	28,932	$1.009B	29
2005	28,800	$804M	29
2006	26,010	$771.3M	27
2007	30,572	$950.45M	29

Source: Mississippi Gaming Commission and Mississippi Gaming Association as cited in American Gaming Association, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007 this would be considered a positive for Mississippi's economic development. However, it is important to examine the overall impact on the state's employment. Were there 30,344 new jobs or did other sectors of the economy lose employees to the casinos? That is, what was the net number of new jobs? Just as important is the number of non-casino jobs created by the demand of non-casino goods and services. Employees of casinos will spend money on housing, clothing, food, etc. Increases in these areas will cause organisations to increase their number of employees thus leading to an increase in the state's employment rate (Garrett, 2003). These same principles apply to casino operations in Jamaica.

While the data show that casinos in Mississippi employ thousands of individuals each year, it is important to understand that the casino industry is not immune to the same economic conditions that impact other industries. The first casino in the state opened in 1992 and since that time fifteen have closed (Mississippi Gaming Commission, 2004, Directory of current operators). The closings can be attributed to increased intensity of competition, growing pressures on costs and profits, or poor management (Walker, Mullins, Boyd, & Larréché, 2006). It is important that Jamaica avoid the following strategic traps that unsuccessful casinos in Mississippi fell into as their casinos moved from market growth to maturity:

1. Failure to anticipate transition from growth to maturity
2. No clear competitive advantage as growth slowed
3. Assumption that an early advantage will insulate the firm from price or service competition
4. Sacrificing market share in favor of short-run profit (Walker et al., 2006).

Patrons/Gross Revenues

Mississippi has the third largest casino market in the Unites States. Currently, 29 casinos operate in Mississippi. Until recently, casinos were required to be located on the water. However, following Hurricane Katrina, the state legislature approved land-based casinos on the Mississippi Gulf Coast to encourage continued investment by the casino industry. The total amount of casino space in Mississippi as of fiscal year 2008 is 1,381,299 square feet. As Table 2 shows, the total casino space in Mississippi on average has been 1,369,567 square feet from 2000 to 2008.

Casinos measure success using numerous variables, two of which are the number of patrons (visitors) and gross revenues. These variables provide casino officials with a comparison to other establishments, past years, and a basis for future goals. The patron and gross revenue data for Mississippi casinos for years 2000 to 2007 is provided in Table 3. The data show the number of patrons each year was fairly consistent from 2000 to 2004. There was a decrease in the number

Table 2: Square Footage of Mississippi Casinos by Year

Year	Casino
2000	1,471,049
2001	1,473,294
2002	1,457,701
2003	1,432,697
2004	1,433,697
2005	1,454,836
2006	969,533
2007	1,251,994
2008	1,381,299

Source: Mississippi Gaming Commission, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, Public Information

Table 3: Number of Mississippi Casino Patrons and Gross Revenues by Year

Year	Patrons	Gross Revenues
2000	56 M	$2.7 B
2001	56.8 M	$2.7 B
2002	54.8 M	$2.7 B
2003	54 M	$2.7 B
2004	55.26 M	$2.781 B
2005	44.45 M	$2.467 B
2006	35.65 M	$2.570 B
2007	36.96 M	$2.891 B

Source: Mississippi Gaming Commission and Mississippi Gaming Association as cited in American Gaming Association, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007

of patrons in the years 2005, 2006 and 2007, which can be attributed to the impact of Hurricane Katrina.

There are several additional explanations for the decreasing number of patrons visiting casinos in Mississippi. These include less disposable income in general for many patrons, overall economic conditions, and customer service issues. Of these, customer service is the one variable that casinos in Mississippi and Jamaica should address on an on-going basis. The key for success is to provide service that consistently meets or exceeds customer expectations.

The data in Table 3 also show that gross revenue remained constant for each year, even those impacted by Katrina. This brings one to question why gross revenues remained constant even during the years with fewer patrons. One possible explanation may be that patrons who chose to visit decided to spend additional funds compensating for those that did not visit the casinos. Also, it is possible there was a shift in the type of patron that visited the casinos, meaning those who frequented the casinos were in higher income brackets. Perhaps the casinos' marketing efforts were more effective. Regardless, it is important that casinos in Mississippi and Jamaica learn as much as possible about their patrons in the areas of income, age, etc. so they can better provide appropriate services.

Casino Tax Revenue

Table 4 provides general fund and local governments' tax revenue data for casinos in Mississippi for fiscal years 1993–2008.

Mississippi, like most states in the United States with legalised gambling establishments, taxes casino revenues to fund and support programs throughout

Table 4: Mississippi Casino Tax Revenues by Year

Year	General Fund	Local Governments
1993	$33,315,922	$11,095,706
1994	$95,033,771	$33,736,024
1995	$128,776,225	$60,513,226
1996	$110,415,641	$69,074,471
1997	$119,540,774	$75,858,651
1998	$126,872,535	$82,906,716
1999	$141,763,436	$94,015,825
2000	$158,354,244	$104,991,878
2001	$161,495,232	$106,864,321
2002	$164,721,939	$109,372,690
2003	$166,145,175	$109,508,420
2004	$167,323,270	$110,705,760
2005	$168,542,499	$111,489,811
2006	$147,710,573	$91,843,077
2007	$185,846,915	$110,438,573
2008	$194,040,324	$114,548,406

Source: State Tax Commission, 2008

the state. The data show that for the general fund, tax revenues increased each year except for two years, 1996 and 2006.

Tax revenues for local governments increased each year except for years 1996 and 2006. Those who support casinos argue that casino tax revenues are beneficial to the state and local governments. Their position is that tax revenues can be used to support social and local programs (Garrett, 2003). On the surface the data certainly leads one to believe that Mississippi has millions of dollars to spend on social programs and that local governments have additional monies to support their communities. However, one must examine this theory closely to see if indeed it is true. Assume that Mississippi appropriates $10 million a year on a programme to help people stop smoking. Additionally, the state earmarks $10 million of casino tax revenues for the programme. One would expect the total spent on the smoking programme to increase by $10 million. However, it is possible the government will reduce funding for the programme by $10 million and use the money for other programmes. The $10 million from casino revenues will be used to bring the total amount spent back to the pre-casino levels. Casino tax revenues can be used to improve social programmes on the state and local level, but only if normal funding for such programs are continued (Garrett, 2003). Jamaica must keep these principles in mind as they relate to the use of casino tax revenue.

Non-Casino Activities

As noted in earlier discussions, casinos have an economic impact on Mississippi. However, it is important to understand that casino operations are not closed systems. For example, all casinos in Mississippi have hotels included in their operations. Additionally, casino organisations invest in various activities in addition to gaming. As Table 5 shows, there are non-casino activities offered by casino organisations for all age groups. These organisations understand the importance of providing activities for everyone in order to draw patrons to the casinos. One can not gamble all the time. The additional activities will provide a break from gaming while at the same time adding to the economic impact to the community and to the bottom line of the organisations.

Social Impact

The introduction of the casino industry to Mississippi has had an impact on the social structure of the state, specifically to the counties hosting the casinos. The influx of businesses to these areas has created a chain reaction to the population, quality of life, and challenges faced by the hosting counties. A large majority of the changes have positively affected the regions, although some negative effects have also been experienced. Areas seeking to welcome casinos are likely to

Table 5: Activities in Addition to Gaming Offered by Mississippi Casinos

Restaurants	Retail Outlets
Marina	Convention Center
Showroom	Movie Theater
Fun Center/Arcades	Golf Courses
Hotels	RV Parks
Sporting Events	Charter Boats
Kids Quest	Entertainment Barge
Live Entertainment	Spa
Fishing	Tanning Beds
Travel Agency	Clay Shooting
Health Club	Pools
Blues Museum	Ballroom

Source: Mississippi Gaming Commission, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, Public Information

experience similar impacts to the established social structure of the surrounding areas. Being prepared and aware of the changes will assist in easing the transition especially for the local residents.

One example of the dramatic changes brought to Mississippi through the legalisation of gambling is that of Tunica County in northwestern Mississippi. Prior to the casinos inhabiting this area, Tunica County "was at one time considered the poorest county in America" (Snyder, 1999, p. 2). The 1992 introduction of the casino industry to this struggling region has had profound impacts on the social aspects of Tunica County.

Residents of this county enjoy several amenities that were not available or affordable before welcoming the casinos to the area. Tunica County residents have recreation and aquatics centers available that are free for their use. An 18-hole golf course offers relaxation and entertainment, and the Tunica RiverPark offers visitors an opportunity to experience the Tunica Queen, a riverboat on the Mississippi River, explore the museum, and visit an ecopark. Other amenities offered are associated directly with the gambling establishments. The casino facilities offer theaters, restaurants, night clubs, and large outdoor areas that can host a variety of entertainment events.

With the revenue available through the taxes paid by the casinos, Tunica County has improved the aesthetics of the area, such as the roadside landscaping. The county also focused funds into improving the local schools, fire stations, law enforcement offices and other public structures. The new construction projects and sudden wealth of the area has attracted other businesses to the county and together with the casino establishments the unemployment rate for the county has significantly decreased. Increased interest in this area has led to other unexpected results. Farmland that was once thought to be of very little value has become highly sought after, causing property values to dramatically increase. Landowners that were once struggling to make ends meet experienced a windfall when their land was sold for astronomical prices. Another exciting result of the introduction of the casino industry to the county is the elimination of property taxes for all property owners.

Workforce

Additionally, the casinos bring to the region a more educated workforce through the relocation of industry professionals, training programs for the local residents, and the influx of members of the creative class. Industry professionals eager to move up the corporate ladder view the casinos located in Tunica County as an opportunity to showcase their skills and abilities. Highly educated and knowledgeable employees transfer to Mississippi where they contribute to their area of expertise in a fashion that allows the casinos to continue to impact the Mississippi economy and social structure. These specialised individuals share their knowledge with the local residents through training programs located at each of the casinos as well as specially created gaming schools, which focus on training dealers for each of the casinos games. Finally, members of the creative class are attracted to this region for its need of highly trained, educated, and dedicated individuals.

Richard Florida's creative class theory (2002) proposes that the largest group of social class is composed of members who are characterised by being educated and creative. The members of this group are usually skilled in specialised fields and use their creativity in those fields. Members of the creative class include a variety of professions including artists, lawyers, professors, and scientists, as they hold degrees in their specialised fields, have specific skills, and use their creativity in their fields.

Richard Florida (2003) proclaims, "The human capital theory establishes that creative people are the driving force in regional economic growth" (p. 7). Florida continues, "From that perspective, economic growth will occur in places that have highly educated people" (p. 7). Tunica County is an excellent representation of Florida's Creative Class theory as members of this group were not attracted to this area prior to the introduction of the casinos, hence prior to the introduction of a specialised industry that required the assistance of a highly educated, skilled, and creative workforce.

. . . . casinos bring to the region a more educated workforce through the relocation of industry professionals, training programs for the local residents, and the influx of members of the creative class

Community Involvement and Education

The casino industry also contributes to the local economy and social structure directly. They often sponsor local events, offer their facilities for the use of local charities, and encourage employee participation in charitable events that promote healthy lifestyles, giving back to the community, and environmental friendliness. Additionally, the employees of these establishments are encouraged to continue their formal education through GED programs, certifications and seeking degrees through higher education.

Through building relationships and cooperating with local educational establishments, the casinos are able to bring many of the educational opportunity for their employees into their workplaces. Some educational opportunities, such as the Corporate Education Program offered through Delta State University, are presented online, allowing working professionals an opportunity to seek their bachelor's and master's degrees without the challenges of traditional college programs. Delta State University's Corporate Education Program is also unique in that it does not require the employee or the employer to fund the employee's education until the end of the semester, when grades have been submitted. This allows employers to pay for the courses employees completed based on the established requirements and criteria and allows the employees to pay the remaining balances at the end of the semester. Through the continued education of the Tunica County workforce, a sustainable and desirable pool of laborers in the region is being created and encouraging the employment of local residents to meet industry needs.

Social Challenges

While most of the social impacts of the casino industry have been positive, the county has experienced some negative effects. The amount of crime reported in the area has increased. "The number of court cases filed in Tunica County, Mississippi, went from 689 in 1991, the year before casinos began operating there, to 11,100 in 1996" (Sullivan, 1997, A5).

The Mississippi Gaming Commission (2008) understands the need for overseeing crime as it relates to the casino industry and as a result has five divisions whose responsibilities are to investigate, enforce, examine, and review all paperwork, money, and actions by guests and employees of all gaming establishments in the state. Table 6 lists the divisions and duties established by the Mississippi Gaming Commission.

Table 6: Mississippi Gaming Commission Divisions and Duties that Focus on Casino Crimes

MGC Division	Division Duty Statement
Criminal Investigation Division	Charged with the responsibility of gathering information pertinent to any gaming-related criminal or improper activities as defined by the Mississippi Gaming Control Act, MGC Regulations, the Charitable Gaming Laws, and all laws on the local, state and federal levels.
Enforcement Division	Responsible for the day-to-day regulation of the casinos to ensure that each property is conducting business in compliance with the Gaming Control Act and the rules and regulations set forth by the MGC.
Investigations Division	Charged with investigating all applications for license and other Commission approvals, and reporting all material facts to the Commission.
Legal Division	Staffed by the Office of the Attorney General; represents the Commission and the Executive Director in legal proceedings to which they are a party and advises them in all administrative matters.
Compliance Division	Charged with the responsibility of routinely examining and reviewing the financial and accounting records of gaming licensees.
Corporate Securities Division	Investigates all new applicants for a gaming license. Additionally, all renewals of gaming licenses are reviewed and investigated.

Source: Mississippi Gaming Commission, 2008, Divisions

Another concern of the area is the increase of problem gambling. In an effort to assist the state with those who experience a compulsion to gamble, the Mississippi Gaming Commission offers an opportunity for individuals to voluntarily remove themselves from all gambling properties through the self-exclusion process. This process allows people who believe they cannot control their addiction to gambling to no longer be welcome at any of the properties in the state. Those choosing this option are allowed to determine how much time they wish to be self-excluded from the casino facilities up to and including the remainder of their life. The area also advertises through billboards, brochures, flyers, and television a toll-free number that can assist those with problems of addiction to gambling. Those with gambling problems do have opportunities to seek help in Tunica County.

The social impacts resulting from the introduction of the casino industry to Mississippi in the areas of workforce, communities, education, and challenges faced are likely to be similar to the social impacts Jamaica will experience upon the arrival of casinos to the area. The social changes will also be dependant upon the economic changes discussed earlier in the paper. For example, the tax structure established with the casino organisations will impact the available funds for structural changes to the area.

Mississippi's Lessons for Jamaica

Preparing for casinos is an excellent method for understanding the likely changes that will occur to the economy and social structure of an area, however first-hand experience provides a priceless education that is irreplaceable. Mississippi has experienced a wide variety of changes in the past sixteen years. Those lessons can be translated for others seeking to learn as they embark on the adventures of casinos:

- Mississippi lacked an educated workforce, especially at the level of top management, which created cultural problems. To overcome this lack of knowledge the casinos relocated professionals from other properties, but this only deepened the culture gap.
- A change in the mindset of the Mississippi casinos has led to a focus on educating the local workforce and recognising the true value of an educated workforce.
- Mississippi did not earmark funds the state received from the casinos to regulate where the money would be used in order to better the state as a whole.
- While Mississippi does provide assistance for those with gambling addictions, it would be beneficial for those efforts to be increased in order to recognise and educate the population about addictions to gambling.
- Mississippi established assistance for those with gambling addictions, however additional facilities would be helpful, specifically in the cities/counties where these establishments are located.
- Casinos in Mississippi are not recognised as broadly as they should be in all the contributions they make and the positive actions they are responsible for. The areas where the casinos are located should make a stronger effort to brag about these accomplishments.
- Prior to the introduction of the casinos in Mississippi, state officials conducted extensive research of the laws and industry regulations of other states and areas that had legalised gaming.
- Each county in Mississippi that boarders the Mississippi River or Mississippi Gulf Coast votes to approve gaming in that area. This allows the residents to have control over the introduction of gambling to the county.

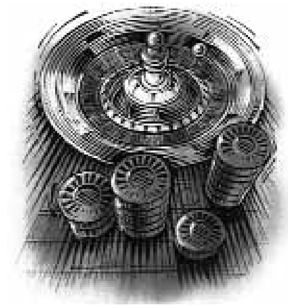
Following Hurricane Katrina, the Mississippi legislature changed the law that required all casinos in the state to be located on water. The casinos on the Gulf Coast are the only casinos now allowed to be land-based, although distance from the water is restricted. The government's willingness to adapt encouraged cooperation with the casinos and allows continued investment in the state's economy.

- Casino guests often bring minors with them. Casinos that offer entertainment designed for minors and in a safe environment are preferred by these customers.
- The crime rate in areas with gaming establishments often increase as a result of the attraction of the new businesses. Areas that welcome the casinos should be prepared and proactive as they plan to address this issue.
- Casinos are a business, and the education of lawmakers and the public to this fact will assist in the introduction and approval of educational programs designed to better these establishments' employees.
- Mississippi's casinos are approaching the mature stage of the product life cycle. An area first welcoming casinos will experience an influx and exodus of gaming establishments.
- "Casinos absorb existing entertainment, restaurant and hotel business, and deplete dollars available to other retail businesses. That destroys other jobs in the trade area and eliminates their sales, employment and property tax contributions" (Price, 2005, ¶ 5). Knowing this ahead of time will allow regions introducing casinos to extend efforts to offset these likely effects.

These lessons can be applied to Jamaica, as they offer insight and understanding into the possible changes to be experienced. It is important that officials be flexible, open to change and fully informed when negotiating and conducting business with casinos.

The social impacts resulting from the introduction of the casino industry to Mississippi in the areas of workforce, communities, education, and challenges faced are likely to be similar to the social impacts Jamaica will experience upon the arrival of casinos to the area.

4 Potential Economic Impact of Casino Gambling in Jamaica



DIARAM RAMJEE SINGH AND ALLAN WRIGHT

Abstract

This paper examines the potential economic impact of casino gaming on employment, direct and indirect, wages, sectoral output, competitive and non-competitive imports using the input-output modeling approach. The research was developed in response to the proposed introduction of casino gambling through two new hotels, Harmony Cove and Celebration Jamaica, at a cost of US$6.8 billion. The results obtained support the thesis that casino gambling will not only increase employment but will stimulate growth in other sectors of the economy, especially those that are linked to tourism.

Introduction

Estimates advanced by the Global Betting and Gaming Consultants suggest that gambling in general generates approximately US$1.4 trillion worldwide (Casino World News, 2008) with Japan and the United States emerging as the two largest industry players accounting for US$488 billion and US$439 billion respectively. Within a global context land casino gaming represents the largest component of commercial gambling, growing at an annual rate of 7.8% per annum (Online Casino.com, 2008) with the USA and Europe generating some 80% (US$91 billion) of all activities emanating from the industry. By 2010 projected casino revenue in the US is expected to be in excess of US$60 billion.

Casino gaming has been legal from the 1930s in Nevada, where gross gaming revenue – the net amount of money won by casinos from all customers – was US$540 million in 1970, but by 2006 had grown to more than US$25 billion (Christiansen, 1998). The economic success of casino gambling is reflected in the rapid growth of Nevada, which was among the three fastest growing states in the US for each of the last four decades of the 20th century (Eadington, 1998). This is reflective of an activity that is growing in popularity but has long been condemned or, at least, frowned upon as being a waste of time and resources, or a potential cancer on the social fabric of society (Goodman, 1995).

Currently, the Jamaican government is planning to introduce casino gaming through a proposed investment of US$6.8 billion in two gaming hotels, Harmony Cove and Celebration Jamaica. The primary focus of this study is twofold. Firstly, it will seek to determine the potential employment impact of the two hotel projects and, secondly, to examine, through the use of a 12 × 12 input-output model, the potential economic impact of casino gaming on sectoral wages, sectoral output and exports within the Jamaican economy. The study however, begins with an examination of casino development in the US and other countries, followed by a brief discussion on the licensing regimes used in various countries/states that have pursued casino gaming as a tool of development. The last two sections will provide a summary of the results and some strategies that may be used to maximise the impact of casino export.

Historical Development of Casinos in the United States and Other Countries since 1960s

At the beginning of the 1960s, commercial gambling in the US was largely, except in Nevada, an underground activity (Clotfelter and Cook, 1989). The prevailing climate for casino gaming begun to shift in the 1970s when Nevada passed the Corporate Gaming Act (1969) which permitted publicly traded corporations to hold gaming licenses for the first time (Eadington, 1982). Within a few years corporations with established reputations, such as MGM and Ramada, entered the casino industry in Nevada.

In 1976, New Jersey's voters authorised casino gambling in Atlantic City, making it the second state with legal casinos. Unlike Nevada, New Jersey took a different approach in the development of the industry. The authorities, inter alia, required that casinos must be built to specific size and space allocation. These criteria acted as barriers by limiting entry only to potential investors/organisations that could raise the requisite financial capital. This approach from the very start sent a clear signal that the relevant authority wanted to create an oligopolistic industry (Eadington, 1998).

Between 1978 and 1988 serious efforts were made to legalise casinos in other states including Florida, New York, Colorado, Minnesota, Ohio, Pennsylvania and Massachusetts by using the legislative or referendum process to achieve their objectives, but were unsuccessful (Dombrink and Thompson, 1990).

The unfolding of three events, beginning in late 1988, set the stage for rapid expansion of casinos and casino-style gaming. In October of that year, the US Congress passed the Indian Gaming Regulatory Act that established the jurisdictional framework that would govern the relationship of states to tribes in regulating Indian gaming within their borders (Eadington, 1990). In November, South Dakota voters authorised limited stakes gambling in the mining town of Deadwood, South Dakota and finally in March 1989, the Iowa legislature authorised limited stakes casino gambling on riverboats.

As a consequence, over the next two decades, casinos spread rapidly in response to these catalysts. Indian casinos opened in over 20 states between 1990 and 1997 (US General Accounting Office, 1997). Riverboat casinos were legalised in the states of Illinois, Mississippi, Louisiana, Missouri and Indiana between 1990 and 1993. The cities of New Orleans (in 1992) and Detroit (in 1996) authorised land-based urban casinos.

A number of other factors further contributed to the spread of casinos and casino-style gaming in the 1990s. The general apprehension about casino gaming that had dominated public attitudes in the United States gave way to greater public acceptance of gambling as a form of recreational activity. Along with this, changes were made to eliminate restrictions on gambling (Harrah's, 1997). As the ownership structure shifted to publicly traded corporations, the historical stigma that had long linked casino gaming to organised crime diminished considerably (Johnston, 1992). There was also a strong cross-border effect on the legalisation process. The attendant export of spending and loss of tax revenue in these jurisdictions forced many of them to consider the legalisation of casino gaming (Eadington, 1998).

The expansion of casino gaming in the US has close parallels in other countries. Casinos had been prohibited in the United Kingdom until 1968. The Gaming Act which provided a new legal framework became the vehicle for the rapid growth in gaming (Kent-Lemon, 1984). Casinos in Australia were illegal until 1972, when enabling legislation at the state level authorised a single casino in Tasmania (Mossenson, 1991). In Canada, charitable casinos first appeared in western provinces in the late 1970s, when temporary casinos allowing small stakes betting to raise money for nonprofit enterprises were permitted. Over time, the charitable casinos became less temporary; constraining regulations were relaxed, and regulatory authorities were established at the provincial level, paving the way for substantial casinos in the 1990s (Campbell, 1994).

Regulatory Regimes

Generally, in the US a wide range of regulatory regimes has been used in granting casino licences. The state of Nevada, which has a considerable gambling presence, has issued 500 casino licences which are administered by the state Gaming Control Board. The main decision-making body on gaming policy and regulations, however, is the state Gaming Commission. The basic criteria for granting a licence are the applicant's character, source of financing, business competence, suitability of location and licensing of employees. The regulatory system, which oversees a highly competitive industry, is renowned for its probity standards.

The New Jersey regulatory system is a two-tiered structure, consisting of the Casino Control Commission and the Division of Gaming Enforcement, which parallels the Nevada model (Eadington, 1999). The reason for its adoption was that it provides the necessary checks and balances over the regulatory process. There are, however, subtle differences in the two models. To begin with, there are strict control systems in New Jersey that seek to eliminate or minimise skimming (diverting money away from the books), money laundering and the quick hiring of workers. Further, the mix of size and product offerings was designed to effectively limit the industry to large gaming operations in a single city, as the other approach of allowing smaller players would make control difficult and would invite organised crime and other chicanery into the industry (Sternleib and Hughes, 1983).

In contrast, the approach taken in the mining town casino communities of South Dakota and Colorado effectively limited casino gaming operations to specific areas in these states, while allowing a mix of small, medium and large operators (O'Brien, 1998). In the case of New Orleans and Detroit, an attempt was made to establish franchises that would facilitate regulation and control. The thinking was that if these objectives were to be achieved it would be easier to generate economic benefits from the industry (Rittvo, 1997).

In other countries, such as Canada, Holland, Austria and the Philippines, outright state ownership of casino operations is the preferred option. This mode of ownership is often influenced by political considerations, and the entity is subjected to the same inefficiencies that are normally associated with state-run enterprises. In contrast, the governments of Malaysia and Macao granted exclusive monopoly casino franchises to private operators without going through a bidding or legislative process (Cabot, et al, 1999)

Within the Caribbean, Antigua and Barbuda was one of the first jurisdictions to grant licences for the operations of interactive gaming and wagering institutions, which are subjected to the Anti-Money Laundering Act. The licensing and regulation of these companies are supervised by the Financial Services Regulatory Commission's Division of Gaming. Costa Rica, because of its dependable infrastructure, paucity of online gaming and Internet regulations is viewed as the leader in online casinos and poker rooms. Companies incorporated under the law of Costa Rica can operate an online gaming business under a data processing licence. It is important to note, however, that currently there are laws that control land based gambling. Casinos operating in the Bahamas are subjected to a comprehensive set of laws and regulations ranging from the "Lotteries and Gaming Act" to the "Suspicious Transactions and Anti-money Laundering Guidelines for Licensed Casino Operators". Interested casino operators are required to obtain a letter of consent from the Hotel Corporation of the Bahamas and then submit a request to the Gaming Board for a gaming license.

Literature Review

Of the literature reviewed, there are a few studies that speak to the economic impact of casino gambling; but most of these studies rely on oral or philosophical arguments about the economic effects of casinos. Those studies that attempted to quantity the economic impact focused primarily on the estimation of employment, the generation of gaming and fiscal revenues. The latter group relied on the use of either an input-output model (Hamer, 1995) or an econometric modeling approach (Scott, Richardson and Jamal, 1998) to estimate the impact of gaming activities. Both approaches attempt to determine the economic effects by assuming that casinos create new income, that is, they constitute an export activity that has a multiplier effect within the economy. The critics of casino gambling argued that unless it is an export activity, casinos will crowd out other businesses (Eadington (1995). The underlying assumption that casino activity must be export-oriented is important because the participation of locals does not result in the injection of new money, but represents re-directed money that would have been spent by residents in other local businesses (Goodman, 1994a; Grinols & Omorov, 1995). The central thesis is that unless gaming represents a source of new income, it will not deliver the anticipated development impact because its operation, as described in the literature, will correspond to that of a restaurant rather than a factory (Grinols, 1994). The implied suggestion, here, is that if a casino operates like a factory it will create new income for the area while, if it functions like a restaurant, it will draw money away from businesses in the area and will eventually cannibalise them.

Researchers like Evart, (1995) and Hoover and Giarrantani (1984) disagreed with this position as, they argued, an economy can grow from gaming without being export oriented. To support his stance, Evart (ibid) cited, as examples, professional sports which do not produce a tangible export but do produce positive economic impact. Hoover and Giarrantani (ibid) suggested that positive impact can be achieved through internal trade and its attendant demand.

Employment Impact

In this section an attempt is made, firstly, to estimate the potential employment impact, both direct and indirect, resulting from the proposed investment of US$6.8 billion to build Celebration Jamaica and Harmony Cove hotels that are earmarked for casino gaming.

The estimate provided in Table 1 relies on a methodological framework outlined by the Organisation of American States (OAS) and the Inter-American Development Bank (IDB) (1987) with regard to the potential for job creation by new hotels in the Caribbean. It is argued that in a five star hotel every room generates 1.3 direct jobs and, in addition, for every direct job generated by a hotel, three indirect jobs are created, one elsewhere in the tourism sector and two in the rest of the economy.

Using these numbers, Celebration Jamaica, which is expected to add 2,000 new rooms, is projected to produce 2,600 direct jobs (2,000 × 1.3) while Harmony Cove, with a room capacity of 8,000, is estimated to generate some 10,400 (8,000 × 1.3) direct jobs.

Table I: Casino Projects: Projected Direct Employment with 100% Occupancy

Casino Projects	Projected Direct Employment with 100% Occupancy 1:13 ratio (OAS/IDB)
Celebration Jamaica (2,000 new room stock)	2,000 × 1.3 = 2,600
Harmony Cove (8,000 new room stock)	8,000 × 1.3 = 10,400
Total (assumes 100% occupancy rate)	Direct employment = 13,000
Actual occupancy rate = 0.614	Direct employment = 0.641 × 13,000 = 8,333
Projected Indirect Employment (Using a ratio of 1:3) : 8,333 × 3 = 24,999	
Projected Total Employment 8,333 + 24,999 = 33,332	

NB: these estimates do not include persons who will be employed to operate gaming tables and workers who would be employed during the construction of both hotels.

Ratios Source: OAS, The Optimum Size and Nature of New Hotel Development in the Caribbean, Washington, DC, 1987

These estimates, however, are predicated on the assumption that both hotels will experience full occupancy. The attainment of this level of occupancy is highly unlikely as, over the last few years, the industry was able to register an average of 61.4% occupancy rate (Jamaica Tourist Board, 2006). It is considered to be more prudent to employ this rate to estimate the potential direct employment which is projected to be in the region of 8,333 (0.61 × 13,000) jobs. Against this background a forecast of 24,999 (8,333 × 1.3) indirect jobs is projected. It is anticipated, therefore, that both casino projects would generate 8,333 direct and 24,999 indirect jobs or a total of 33, 332 jobs at the assumed occupancy rate.

The Input-Output Model

To analyse the impact of casino activity on the economy and in particular its impact on wages, output and imports, the study proposes to employ the Input-Output model because it is one of the most used models in impact analyses. The application of the model was more recently undertaken by McDavid (2003) and Jensen (2001) and as far back as 1977–78 by Ramjee Singh et al. A brief description of the model is provided below.

The Input-Output model incorporates two identities, the row and column identities. For the row identity the total intermediate demand for column i is given as:

$X_i = \sum x_{ij}$ where j = 1.........n (i.e. a summation of the rows)

For the column identity, total purchases of industry *j* used as inputs purchased from other sectors is written as:

$X_j = \sum x_{ij}$ where i = 1.........n (i.e. summation of the columns).

The fraction of the intermediate demand to total output produces a set of technical coefficients (a_{ij})

i.e., $a_{ij} = x_{ij}/X_j$ where $_i$ = 1…......n

where each coefficient represents the amount that one sector purchases directly from another per dollar worth of output.

The total requirement table ($R = [I-A]^{-1}$ matrix) or the Leontief inverse represents a conversion of the technical coefficient matrix or the A matrix. Each coefficient reveals the extent to which row industry *i* sells goods and/ or services to column industry *j* due to changes in final demands. It also highlights the extent to which column industry *j* purchases goods and services from row industry *i* because of changes in final demands, *ceteris paribus*.

In the above identities:

x_{ij} is the flow of intermediate goods from sector *i* to sector *j*
X_i is the production in sector i
X_j is the production in sector j
a_{ij} is the intermediate requirements from sector i expressed as a fraction of sector j
I is the identity matrix
A is the matrix of a_{ij}

By assuming that the inputs purchased by a sector are proportional to its output, the balance equation of the Leontief input-output model becomes:

$$\mathbf{X = A\,X + Y}$$

Solving for **X** yields the now familiar model $\mathbf{X = (I - A)^{-1}Y}$

To carry out the major objectives of this study, an aggregated 12 by 12 input-output table (see appendix 1), derived from a larger 1993 Input-Output table of dimension 52 by 52, will be used. Further, since no revenue projection(s) is available for the proposed casinos the paper selects an arbitrary figure of US$1,000,000 or JA$70,000,000 (assuming an exchange rate of JA$70 = US$1) to represent export earnings of both casinos. Although the choice of revenue earning seems arbitrary and on the low side it will do no harm to the analysis/results because the percentage impact will remain unchanged irrespective of the export value use.

In addition the study proposes to use the cost coefficients of the tourism sector (proxy by the Hotel, Restaurants and Clubs) to represent the input costs of the casinos. One of the main assumptions underlining this analysis is that casino will be an exclusive export activity or, put differently, locals will not be allowed to participate in gaming activities at these designated casinos. This point is critical because the participation of locals in casino activity will crowd out other businesses because any money spent by residents would have been spent with other local businesses (Goodman, 1994a; Grinols & Omorov, 1995). So, unless gaming represents a source of new income, that is, an export activity, its development impact will be marginal (Grinols, 1994b).

Casino Exports and their Impact on wages

Against this background, the study will now examine casino exports and their potential impact on wages for each of the sectors. The following model outlines the methodology used to measure this impact:

$$\Delta W_T = w\,I\,(I - A)^{-1}\,\Delta Y$$

Table 2: Tourism Export and its Impact on Sectoral Wages

Sectors	w_i	$(I-A)^{-1}$	X	(ΔY) Exports (JA$)	Impact (JA$)	%
Agriculture and Meat	0.25517	0.20016		0	3575238	16.85
Bauxite and Mining	0.10551	0.00125		0	9232.13	0.04
Manufacturing	0.09565	0.24194		0	1619909	7.63
Machinery and Equipment	0.13225	0.01946		0	180151	0.85
Utilities	0.13634	0.08328		0	794807.7	3.75
Construction and Installation	0.32398	0.07684		0	1742624	8.21
Transportation, Storage and Communication	0.16693	0.10528		0	1230207	5.8
Distribution	0.13057	0.12840		0	1173563	5.53
Financial and Insurance Services	0.56740	0.03506		0	1392513	6.56
Real Estate and Ownership Dwelling	0.11515	0.08619		0	694734.5	3.27
Hotels, Guest Houses and Restaurants	0.11575	1.05498		70,000,000	8547975	40.28
Miscellaneous Services	0.19591	0.01896		0	260011.8	1.23
Total Impact					**21,220,967**	100

Source: Planning Institute of Jamaica (1999)

where,
ΔW_T is a vector of wages (n x 1)
W_I is a coefficient matrix of wages to output (1 x n)
$(I – A)^{-1}$ is the cost coefficients of the tourism sector taken from the Leontief inverse
ΔY is a vector of final demand (casino exports) (n x1)

The sectoral wage distribution obtained through this process is outlined in Table 2 above.

Examining the data presented, the following conclusions can be drawn. Export valuing JA$70 million will result in the payment of wages, across all sectors of the economy, amounting to JA$21.2 million. From this it can be deduced that casino export has an economy wide wage impact of $0.30 (21.2 ÷

70), that is, for every dollar earned by the sub-sector, thirty cents is expected to be paid out as wages both directly and indirectly. Of the total wage bill the sub-sector will be directly responsible for some 40% of all wages generated from its activities. The wage profile (see % column) shows that except for 'Bauxite & Mining' and 'Misc. Services' where the impact will be marginal, all sectors are expected to be impacted in varying degrees.

Of these, three sectors, 'Agriculture and Meat' (16.85%), 'Construction and Installation' (8.21%) and 'Manufacturing' (7.63) will experience higher wage impact than the others as a result of their linkages with tourism. At the other end, the impact on 'Bauxite and Mining' and 'Machinery & Equipment' will be inconsequential.

Casino Export and its Impact on Sectoral Output

In the previous section it was demonstrated that for every dollar earned by the gaming sector, thirty cents will be paid in wages across all sectors. As a result the following question becomes relevant. "Given that tourism export will increase because of casino export, what kind of impact will this increase in activity have on the output of each sector?"

The paper proposes to use the following model to answer this question:

$\Delta X = (I - A)^{-1} \Delta Y$

where,

ΔX is a vector of sectoral output (n x 1)

$(I-A)^{-1}$ a vector of cost coefficients for the tourism sector

ΔY is a vector of final demand (casino exports)

The results obtained from the model are presented in Table 3.

The results clearly suggest that for every dollar spent on casino gaming some $2.05 of output, that is, ($143,369,660/$70,000,000) would be generated across the economy. Apart from the casinos which are responsible for approximately 51% of the total impact, the output profile (see % column) suggests that the main beneficiaries from casino activities will be 'Manufacturing' (11.79%), 'Agriculture and Meats' (9.76%), 'Distribution' (6.26%) and 'Transport, Storage and Communication' (5.13%). As expected, the impact on the 'Bauxite and Mining' (0.06%), 'Misc. Services' (0.92%) and 'Machinery and Equipment' (0.95%) sectors will be negligible.

Tourism Exports and their Impact on Imports

Given the anticipated increase in tourism exports, the critical question is, to what extent will the various economic sectors be able to meet the increased

Table 3: Casino Export and its Projected Impact on Sectoral Output

Sectors	$(I-A)^{-1}$	X	(Y) Exports (JA$)	Impact (JA$)	%
Agriculture and Meat	0.20016		0	14,011,200	9.76
Bauxite and Mining	0.00125		0	87,500	0.06
Manufacturing	0.24194		0	16,935,800	11.79
Machinery and Equipment	0.01946		0	1,362,200	0.95
Utilities	0.08328		0	5,829,600	4.05
Construction and Installation	0.07684		0	5,378,800	3.75
Transportation, Storage and Communication	0.10528		0	7,369,600	5.13
Distribution	0.12840		0	8,988,000	6.26
Financial and Insurance Services	0.03506		0	2,454,200	1.80
Real Estate and Ownership Dwelling	0.08619		0	6,033,300	4.20
Hotels, Guest Houses and Restaurants	1.05498		70,000,000	73,848,600	51.42
Miscellaneous Services	0.01896		0	1,327,200	0.92
Total Impact				**143,625,950**	

Source: Planning Institute of Jamaica (1999)

demand through the provision of locally produced goods? To undertake this analysis a distinction is made between competitive imports (which are the external purchases of goods and services that are also produced locally) and non-competitive imports (which are the external purchases of goods and services that are not locally produced). The following model illustrates our aim quantitatively

$\Delta M_T = m_i\ (1\ \text{-}A)^{-1}\ \Delta Y$

where,

$\Delta\ M_T$ is a vector of imports (nx1)

$M\ _i$ is a coefficient matrix of imports to output (1xn)

$(1\ \text{-}A)^{-1}$ is a vector of cost coefficients from the Leontief inverse (n x n)

Δ Y is a vector of final demand (exports) (nx1)

Table 4 overleaf illustrates casino exports and their impact on competitive imports. To support the increase in exports, gaming through itself and sectors with which it is linked had leaked some JA$17.5 million by importing goods/services that could have been locally sourced, yielding a competitive import multiplier of 0.25 (17,558,959/70,000,000). The data also revealed that

Table 4: Tourism Exports and their Impact on Competitive Imports

Sectors	M_i	$(I-A)^{-1}$	X	(Y) Exports (JA$)	Impact (JA$)	%
Agriculture and Meat	0.0569	0.20016		0	797,237	4.54
Bauxite and Mining	0.2424	0.00125		0	21,210	0.12
Manufacturing	0.1765	0.24194		0	2,989,169	17.02
Machinery and Equipment	0.1144	0.01946		0	155,836	0.89
Utilities	0.1659	0.08328		0	967,131	5.51
Construction and Installation	0.1245	0.07684		0	669,661	3.81
Transportation, Storage and Communication	0.2055	0.10528		0	1,514,453	8.62
Distribution	0.0645	0.12840		0	579,726	3.30
Financial and Insurance Services	0.1849	0.03506		0	453,781	2.58
Real Estate and Ownership Dwelling	0.0485	0.08619		0	292,615	1.67
Hotels, Guest Houses and Restaurants	0.1218	1.05498		70,000,000	8,994,844	51.23
Miscellaneous Services	0.0929	0.01896		0	123,296	0.70
Total Impact					**17,558,959**	

Source: Planning Institute of Jamaica (1999)

having an import coefficient of 0.2424, 0.2055, and 0.1849 (see, mi column) respectively, 'Bauxite, Mining and Quarrying', 'Transportation, Storage and Communication' and 'Financial and Insurance Services' are the sectors with the greatest propensity to import goods/services that compete with local products.

However, of the total amount of competitive imports generated, resulting from an increase in casino exports, the sub-sector will have a share of 51.23%, thus accounting for the greatest loss of foreign exchange, because of its failure to purchase locally produced goods and services. Next to the gaming sub-sector, 'Manufacturing', 'Transportation, Storage and Communication', 'Utility' and 'Agriculture and Meat' will be responsible for 17.02%, 8.62%, 5.51% and 4.54%, of competitive imports, respectively. Put differently, the four sectors, cumulatively, will be importing approximately 36% of the competitive imports.

Table 5 overleaf shows gaming exports and their impact on non-competitive

Table 5: Tourism Exports and their Impact on Non-Competitive Imports

Sectors	M_i	$(I-A)^{-1}$	X	(Y) Exports (JA$)	Impact (JA$)	%
Agriculture and Meat	0.0778	0.20016		0	1,090,071	18.40
Bauxite and Mining	0.0138	0.00125		0	1207.5	0.02
Manufacturing	0.1102			0	1,866,325	31.51
Machinery and Equipment	0.0506	0.01946		0	68927.32	1.16
Utilities	0.0396	0.08328		0	230852.2	3.90
Construction and Installation	0.0096	0.07684		0	51636.48	0.87
Transportation, Storage and Communication	0.0447	0.10528		0	329421.1	5.56
Distribution	0.0645	0.12840		0	1132421.1	1.91
Financial and Insurance Services	0.0382			0	93750.44	1.58
Real Estate and Ownership Dwelling	0.0221	0.08619		0	133335.9	2.25
Hotels, Guest Houses and Restaurants	0.0259			70,000,000	1,912,679	32.29
Miscellaneous Services	0.0241	0.01896		0	31985.52	0.54
Total Impact					**5,923,441**	100

Source: Planning Institute of Jamaica (1999)

imports. The data reveal that some JA$5.9 million would leak from the economy as a result of needed goods/services not being produced in the local economy. As a consequence, the non- competitive import multiplier is estimated to be 0.09 (i.e., 5,923, 441/70,000,000). With an import coefficient of 0.0259, the gaming sub-sector will be directly responsible for some 32.29% of non-competitive imports. Further, the demand for non-competitive imports will indirectly increase the sub-sector's linkages with other sectors. The greatest impact will be on 'Manufacturing' (31.5%) and 'Agriculture and Meat' (18.4%). Together they will account for approximately 50% of non-competitive imports.

On the other hand, the sectors which will demand the least non-competitive imports in order to satisfy the increase in demand are 'Bauxite, Mining and Quarrying' (0.02%), 'Miscellaneous services' (0.54%), and 'Construction and Installation' (0.87%).

Summary of Economic Impact Results

- The casino projects are expected to generate in total some 33,332 jobs (8,333 direct jobs and 24,999 indirect).
- Casinos have a wage component of JA$0.30; that is, from every dollar of revenue earned thirty cents is expected to be paid out as wages across all sectors of the economy.
- Of the total wage bill generated by its activities, directly and indirectly, the gaming sub-sector will be directly responsible for some 40% of all wages.
- 'Manufacturing', 'Agriculture and Meat', will experience higher wage expenditures because of their links with tourism.
- The output multiplier for gaming is 2.05. That is, for every $1 of expenditure on casino gaming some $2.05 in output, directly and indirectly, will be generated throughout the economy.
- Apart from tourism the main beneficiaries of casino gaming will be 'Manufacturing', 'Agriculture and Meat', 'Distribution', and 'Transport, Storage and Communication'.
- The multiplier for competitive imports is 0.25 and for non-competitive imports is 0.09.
- Gaming is expected to account for 51.23% of the increase in competitive imports.
- The gaming sub-sector is expected to account for 32.29% of the increase in non-competitive imports.
- The casino import multiplier is 0.34, that is, for every one dollar (J$1) spent within the casino sector, thirty-four cents (J$0.34) will be leaked as a result of the importation of goods and services. Of this amount, 0.25 and 0.09 cents of every dollar will go towards the importation of competitive and non-competitive goods and services respectively.

Recommendations

Tourism and in particular the gaming sub-sector can make an important contribution to the Jamaican economy. With income derived from tourist-oriented gaming activities being distributed across many economic sectors, it is important for strategies to be developed to ensure that import leakages are reduced, especially with respect to competitive imports.

To the extent that competitive imports impede economic growth and development and since there is no reason to expect the reversal of trade liberalisation, it is imperative that the relevant authority seek an internal solution to this problem. Emphasis, therefore, needs to be placed on the laws that seek to deter anti-competitive and anti-dumping behaviours. At the same time there is need to reinforce tourism linkages with the other economic sectors. The study highlighted that 17.02% of total competitive imports was sourced by the manufacturing sector. It is therefore important that policies be developed to strengthen its linkages with those of other sectors as this would increase the demand for locally produced goods and services. On the other hand, where goods imported are not being produced by the manufacturing sector but production possibility exists within the economy, policies should be implemented with the aim of activating or fostering entrepreneurial responses by both domestic and foreign investors, so as to capture the provision of such products. The study highlighted that 31.5% of the inputs used in the 'Manufacturing' sector are not locally produced. This should therefore be seen as an opportunity to spur domestic/foreign entrepreneurial responses and consequently create much needed employment.

To achieve these goals, however, Government is required to put in place a policy framework that would remove the current investment barriers, create domestic advantages that would allow investors to compete successfully both in the domestic and international markets and actively promote the inflow of manufacturing-oriented investment into the economy. The ultimate objective here, is to help the economy to increase the breath and depth of linkages so that more of the value added generated locally through the gaming sub-sector, is retained through the offering of a wider range of domestically produced goods and services. Furthermore, the development of domestic supply capabilities would, also, aid in the transfer of knowledge and much needed technology.

Tourism and in particular the gaming sub-sector can make an important contribution to the Jamaican economy. **With income derived from tourist-oriented gaming activities being distributed across many economic sectors, it is important for strategies to be developed to ensure that import leakages are reduced, especially with respect to competitive imports.**

Appendix 1: 12 x12 Input-Output Table

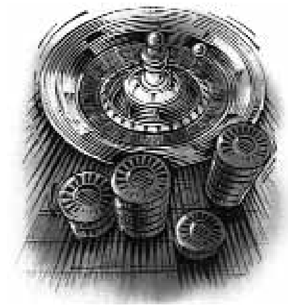
Sectors	1	2	3	4	5	6	7	8	9	10	11	12	GO
1	1236420	172	5408824	63	136	135	224	4451.245	1431	60	686393	16472	15818596
2	1446	150642	96765	944	1777	144437	3764	1088	857	1768	1853	345	13802900
3	2390233	1396624	7664694	152188.6	918123.8	3254342	1587513	776499.1	368020.8	201586	2345533	351679	49028104
4	18293	217196	229987	2994091	80401	31913	1417007	253463	14639	12371	17150	84154	8240799
5	383855	21606	1067840	190401	648976	96488	170338	317477	248648	280849	620187	123241	7447368
6	55222	448909	593068	105068	230650	1731034	102226	392169	293381	515541	583721	87661	25492631
7	123201	553479.3	935581	197294.7	123189.7	179763.8	2498548	3616855	458390.8	469708	654245.5	209776	22272935
8	1098027	650045.3	3000958	848096.5	318263.8	2575867	729385	497965.9	151625.2	165766	830477.3	287532	32387473
9	42255	44627.28	608509	117136.2	28282.94	164068.8	606026	297512.8	901303	115013	205689.8	60812.9	6134884
10	146751	334220.9	832862	128773	103524.4	620069.3	628613	458072.8	733759.5	273405	680635.1	150443	8294717.8
11	1345	3251.174	119369	46412.12	52134.85	10426.85	125108	108645.6	144448.7	68935.7	537497.4	71457.9	11168522
12	18723	36084.28	151600	11743.9	7663.733	32623.5	122748	97411.78	257351.4	225050	134710.4	61622.8	5681614.1

Source: Data collected from PIOJ (1999)

Key

1 Agriculture and Meat
2 Bauxite and Mining
3 Manufacturing
4 Machinery and Equipment
5 Utilities
6 Construction and Installation
7 Transportation, Storage and Communication
8 Distribution
9 Financial and Insurance Services
10 Real Estate and Ownership Dwelling
11 Hotels, Restaurants and Clubs
12 Miscellaneous Services

5 Casino Gambling in Trinidad and Tobago



ROY MCCREE

Introduction

Over the last five years, the subject of gambling in general and casino gambling in particular has emerged as a major public as well as public policy issue in several countries of the Caribbean that span Jamaica in the North to Trinidad and Tobago in the south (see Boxill 2008). The recent online gambling dispute between Antigua and the United States served to highlight further the new found public attention and importance of gambling, particularly in tourism based economies. In Trinidad and Tobago, the subject of gambling also stirred controversy in 2006 when the Government announced its intention to ban casino gambling as well as online games of chance such as the national lotto (National Budget 2007: 35), which was met with fierce opposition by those employed in the casino business. Public policy and public attitudes to gambling in general and casino gambling in particular have been historically founded on criminalisation and contradiction in Trinidad and Tobago. However, in order to understand the public policy dilemmas and challenges faced by the nascent casino industry, we must anchor it within the broader context of gambling generally. Against this backdrop, this paper has three major objectives which are to examine: (i) the historical development and structure of the gambling industry in Trinidad and Tobago; (ii) the contradictory nature of public policy and public attitudes towards the development of gambling as an industry; and (iii) the future prospects for the industry.

History and Structure of Gambling Industry in Trinidad and Tobago

The gambling industry in Trinidad and Tobago consists of two main sectors: a state sector and a private sector. In the state sector there are four major types of gambling activities which are managed and regulated by a central authority called the National Lotteries Control Board (NLCB):

- National lottery
- Lotto
- Play Whe
- Other online games (cashpot, instant lottery, pick two)

In the private sector, there are five major gambling activities or arenas of both a legal and illegal nature:

- Horseracing (legal)
- Off track betting (local and foreign racing inclusive of dog racing)
- Chinese derived game of *Whe Whe* (illegal)
- Recreation clubs (legal)
- Casinos (illegal)

The direct involvement of the Trinidad and Tobago state in gambling is a relatively new development since it only commenced in 1968 with the introduction of the National Lottery. However, the private organisation of gambling preceded the involvement of the state in gambling by over 100 years. In this regard, two particular forms of gambling stand out: the elite or upper class driven sport of horseracing and the working class driven/organised game of *whe whe*. *Whe whe* is a Chinese derived numbers game which was introduced to Trinidad in the 19th century by Chinese immigrants who were imported to help deal with the shortage of agricultural labour. The game is based on numbers from 1 to 36, which are also known as 'marks'. Each number or 'mark' represents a particular human, non-human or inanimate symbol, which could include men, women, animals, reptiles and insects. For instance, the number 1 may represent a Centipede, 2 an Old Lady, 3 a Carriage, 4 a Dead Man and 36 a Donkey (see Appendix I). In addition, each mark has a 'partner' and some may also have a 'spirit', which are in effect other marks. For instance, the 'spirit' of 1 is 4, while its 'partner' is 5 (Parson Man). These numbers or 'marks' may be chosen through several methods that may include the use of body charts, line or numerical charts, dreams, 'hunches', or particular events. The game evolved around three main entities: punters (those who selected marks to play); the 'banker' or *whe whe* banker (the person responsible for selecting the winning mark and paying out winnings to those who choose the right mark) and 'touts', also called ‘travelling agents’, ‘markers’ and ‘couriers’. These touts served as a middleman of sorts between the punters and the banker for they carried the punters’ bets (called ‘pots’) to the banker, and even collected the winnings on their behalf. Touts may have pioneered consultancies in the Caribbean since they helped punters to interpret their dreams and offered advice on which mark to play. In addition, since the game was illegal, the tout served to protect many from possible arrest by the police and in return for their services touts received a commission (Mc Cree 1996). Because *whe whe* was illegal, the game had to be carried out in a clandestine manner in order to avoid the possible arrest and imprisonment of those involved. The location of the game was called a ‘whe whe turf’ and was usually played twice per day and seven days per week with the first draw taking place at noon and the second taking place around 4.00pm. As regards the stakes, in the early days, the odds on betting were 30 cents to 1 cent, which changed overtime to 30 dollars to 1 dollar (*ibid.*). However, these odds were not necessarily fixed since they could have been reduced to $25, $20 or $15 to 1 in cases where a banker had limited money or ‘limited bank’.

As part of their operations, bankers were also known to help needy members of the local community, particularly their regular punters, through cash donations. For instance, they may help to defray funeral expenses and also provide gifts of wine and rum at Christmas time. The benefit of this practice is that it helped the banker to attract or maintain their clientele, as well as ensure communal support in times of police raids or investigations. In this context, the *whe whe* banker could also be seen as a pioneer in the use of public relations to develop a sense of trust and goodwill within the community as part of a process of capital accumulation.

The Chinese dominated the organisation of the game up to the 1920s but by the 1930s, other groups in the society, namely ‘East Indians’ and Blacks started to assume the role of banker and to control their own ‘whe whe turfs’ (Scott 1992: 35; Bickerton 1962). Consequently, today, these are the groups that dominate the organisation of the game, in which the Chinese are hardly known to be involved.

Horseracing

However, while this folk or lower class form of gambling was illegal, the sport of horseracing, which was organised and patronised by the social elites was, since its beginnings in 19th century Trinidad, never illegal http://www.ttra.net/AboutRacing/HistoryofRacing/historyofracing.html). After all, it was the ‘sport of kings’ and invariably received the protection and support of the Crown or its representatives. Thus, while you could have been arrested if you were caught by the police on the *whe whe* turf, such was not the case if you were found on or near the horseracing turf. If anything, the police would have either protected you from the horses or protected the horses from you by discouraging running or walking across the race tracks. From its beginnings, thus, horseracing has received the support of the state, first the colonial state, then the post-colonial state. The Trinidad state aided the development of the horseracing industry in four major ways:

i Accepting it as legal.

ii. Facilitating the acquisition of necessary lands and infrastructure for the conduct of racing.

iii. Facilitating its regulation and control by providing the necessary legislative framework for the creation of agencies to oversee its operations and development. With regard to this, for instance, through an Act of Parliament, a Betting Levy Board was established in 1989 to deal primarily with the collection of 'all taxes, duties, fees or other payment' (Hansard, November 19, 1999) while in 1976 the Trinidad and Tobago Racing Authority (TTRA) was established to regulate and control all aspects of the industry. The TTRA replaced the old planter-dominated Trinidad Turf Club which was established in 1897 to control the sport. (http://www.ttra.net/AboutRacing/aboutracing.html). Under the law the TTRA has responsibility to:

   - undertake the registration of racehorses, dogs and the owners thereof
   - issue such licenses and grant such permits as may be required by the Act
   - establish training schemes for Jockeys, Stable Lads, and other personnel in the Racing Industry
   - administer and enforce rules made under Section 17 of the Act and Regulations made under Section 19 of the Act
   - hear all disputes arising out of the Rules of Racing made under Section 17 of the Act. (http://www.ttra.net/AboutRacing/aboutracing.html; see also Hansard, November 19 1999).

iv. The provision of a subsidy to finance the operations of the TTRA. In 1999/2000 this subsidy amounted to TT$7m,763,000 which had doubled to TT$14m,304,000 in 2007 (GOTT 1999/2000, 2006, 2007). (US$1 = TT$6.30)

As a result of this state support, today one can speak of a relatively thriving horse racing industry that has two major components: one based on local horse racing and the other based on foreign racing in the form of off track betting on both horse and dog racing, shown live from the United Kingdom and North America. In the latter regard, there are around 21 betting shops throughout the country, which are opened six days a week. It is estimated that the industry provides employment for around 5,000 workers (Hansard, November 19 1999: 953). In Jamaica, the horseracing industry is said to employ 'upwards of 20,000 people' which includes breeders, trainers, bookmakers, grooms and track workers (Lalor 2006: *www.jamaica-gleaner.com/pages/history/story0078.html - 74k*). The point to be emphasised, however, is that the development of the horseracing industry in Trinidad and Tobago was directly aided by legislative and material support from the state, which also obtained with the state gambling sector.

State Gambling Sector

The legislative and material support, which the state provided for horseracing, was also provided for the first national lottery of its kind, which was introduced in 1968 by the Government of the day, the People's National Movement, under the leadership of Dr Eric Williams. The introduction of the national lottery in 1968, just six years after independence in 1962, was to mark the state's formal entree into the business of gambling. In 1994, some 26 years after the introduction of the national lottery, the state's involvement in gambling intensified with the introduction of two major computerised games: (1) a national lotto and (2) the repackaged game of *whe whe*, which was renamed play whe in an attempt to distinguish it from its outlawed folk predecessor. Of course, the major contradiction and paradox was that while it was still illegal to play the traditional or folk version of *whe whe*, it was legal to play the state sanctioned game of play whe although there were only three major differences between the two:

- In play *whe* the winning numbers are chosen using a machine while in the traditional game, the winning numbers were chosen by a person in the form of the *whe whe* banker.
- In play *whe* numbers are selected based on the scientific rationality of randomness (all numbers have an equal chance of being selected) at each of the two daily draws but in *whe whe*, a number which was selected at the first draw could not be selected again at the second draw. This was called a dead mark. In play whe, however, there was no 'dead mark' for if the number 1 was selected at the first daily draw, it could also have been selected at the second draw.
- In play *whe*, the odds were fixed at 24 to 1 while in *whe whe* the odds were generally 30 to 1 although it may be varied.
- Play *wh*e was sanctioned by the state and *whe whe* was not.

Outside of these structural differences, however, the two games were basically the same as they were based on: the same amount of numbers (36), the same set of symbols, and were played twice per day. The introduction of these online games of chance in 1994 generated a lot of public interest but was met with mixed reaction. In 1999, five years after their introduction, a national random household survey (n=478) was conducted by this author into the level of public participation in these state sponsored games of chance, as well their perceived socio-economic impact, positive and negative. In the former regard, it was found that a significant majority or 51.3% of the population took part in the national lotto, 35.5% took part in play *whe* (state *whe whe*) and 22.8% took part in the traditional lottery introduced in 1968 (Table 1). The proportion that played play *whe* or the modernised *whe whe*, however, at one time stood at around 46% as some 10% had stopped playing at the time the survey was conducted in 1999 (Table 1), five years after the game was first introduced in 1994.

In terms of revenue, the new online games have become a cash cow for the Government with revenues averaging around one billion TT dollars per annum (roughly US$150,000,000 (at an exchange rate of 6.30 TT dollars to 1 US dollar) since 1995 (GOTT 1994–2007) [Table 2, Chart 2]. The state's decision to enter the market for gambling therefore has paid off quite handsomely.

Table 1. Involvement in State Gambling in Trinidad and Tobago, 1999 (%)

Game	Yes	No	No Longer Play	NA/NR
Lottery	22.8	65.2	6.7	5.3
Lotto	51.3	46.1	2.6	–
Pick Two	16.5	75.1	1.1	7.4
Play whe	35.5	54.1	1 0.2	0.2

Source: McCree 1999

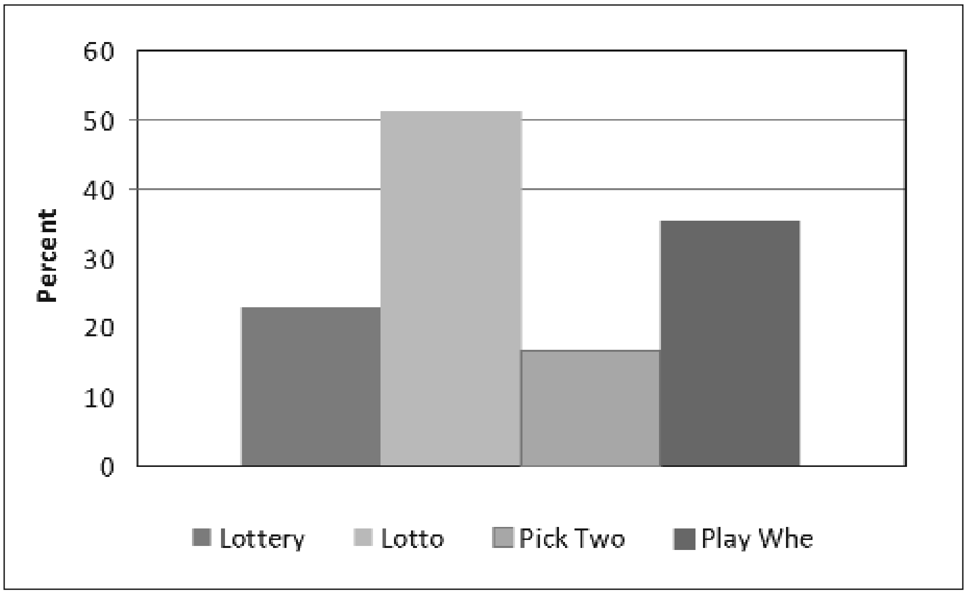


Chart 1. Involvement in State Gambling in Trinidad, 1999 (%)

Table 2.: Government Revenue from Online Gambling, 1994–2005 (TT$m)

Year	Revenue
1994	348,728,991
1995	1,154,080,344
1996	965,000,000
1997	896,148,031
1998	654,631,634
1998/1999	839,073,338
2002	783,505,470
2003	812,712,451
2005	1,015,574,059

Source: GOTT 1995–2006

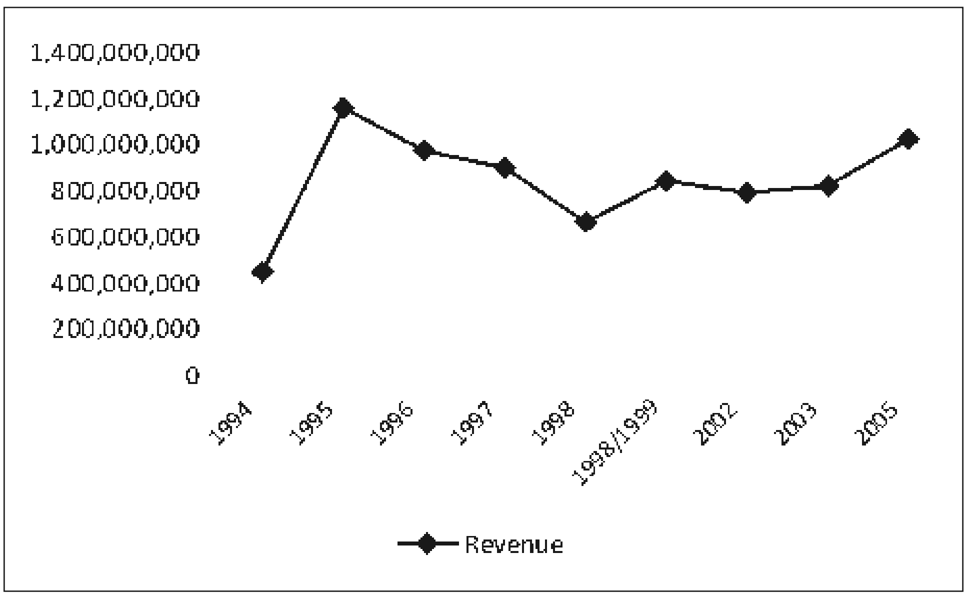


Chart 2. Government Revenue from Online Gambling, 1994–2005 (TT$m)

Casino Gambling

Unlike horseracing and other state sponsored forms of gambling however, casino gambling in Trinidad and Tobago remains illegal based on the Gambling and Betting Act and without state support. In addition, based on a 1999 survey, it was found that only 17% of the population supported casino gambling, compared with 37.6% for play whe and 54.7% for lotto (see Chart 3).

This situation however appears to be changing, for in spite of its supposed illegality, casinos have mushroomed over the last ten years under the guise of

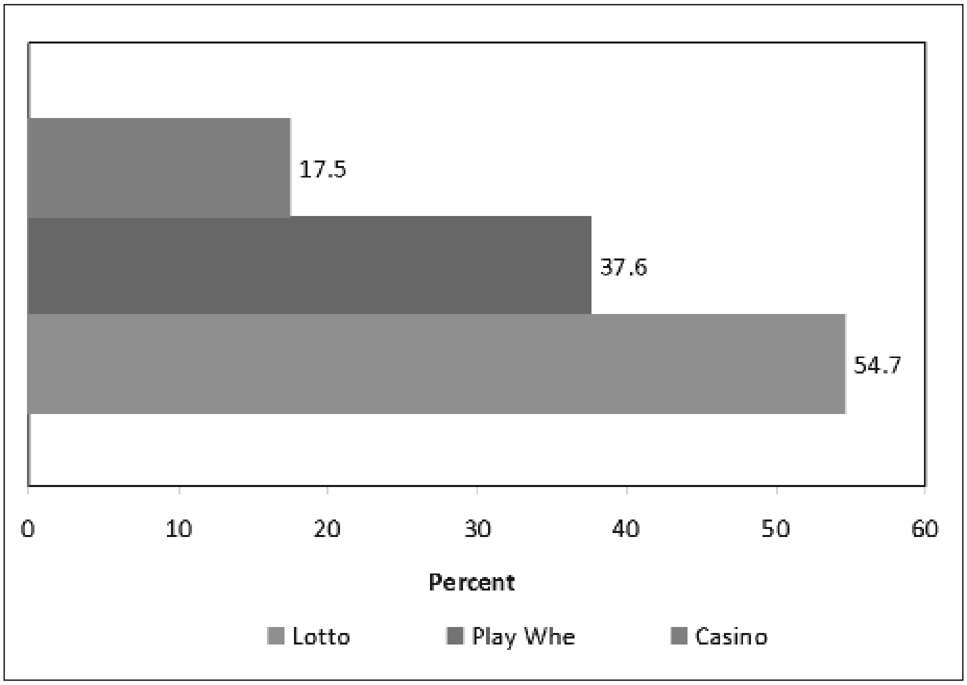


Chart 3. Support for Gambling in Trinidad, 1999 (%)

Private Members Club (PMC), which is legal under the Registration of Clubs Act. Under the Gambling and Betting Act, it is forbidden to own, establish, or occupy any premises which can be considered a 'common gaming house.' A gaming house is defined as 'any premises kept or used for the playing of any game of chance for winnings.' However, Private Members Clubs, which can be established under the Registration of Clubs Act, were exempted from this provision through Section 10 of the Gambling and Betting Act (Bagoo 2007). It was this loophole that facilitated a profusion of casinos under the guise of Private Members Clubs since it allowed them to operate slot machines and tables through the protection of the law.

While the exact number of casinos that operate in the country is not clear, in a recent interview with a member of the Association of Members Club of Trinidad and Tobago (AMC), the umbrella organisation for all the casinos/private members clubs, it was revealed that there are around 40 or more casinos throughout the island, although an internet search only turned up 7 (http://www.port-of-spaintrinidadandtobagotours.travel/article.cfm/id/1698230. It is estimated that the sector provides employment for some 7,000 workers and 'millions in revenue' to the Government through the taxes and duties on slot machines and game tables (Sherry Persad, Interview with author, 14 April 2009). For instance, the import tax on slot machines has been given as TT$10,000 (US$1,587) per machine while for a casino table, it is TT$25,000 per table (US$4,137).

In 2006, however, the Government made it quite clear that it does not support casino gambling as well as the online games of chance (viz., lotto, play whe) and signaled to the national community that it '. . . is moving to eliminate the entire system.' In particular relation to casinos, the Prime Minister made it clear that 'The Government is totally against the operation of casinos and all casino type establishments.' Alluding to 'global research findings,' this position was justified in terms of the negative effects that such gambling has been shown to have on families, marriages, worker productivity, juvenile delinquency, crime and money laundering (see also Boxill 2008 for helpful review of the literature). This has effectively remained the Government's public policy position on the question of casino gambling. The Prime Minister's position was stated thus in his presentation of the 2007 national budget:

> . . . the emerging trends in casino-type gaming activities are of great concern to the Government, particularly its rapid spread in urban, rural, and semi-rural communities.
>
> The Government is totally against the operation of casinos and all casino type establishments. Global research findings have shown that the gaming industry can destroy the financial security of families, negatively impact marriages, encourage deviant behaviour among children, undermine work ethic, cause increases in crime, including that of money laundering, and give rise to problem gamblers. The Government is strongly against the proliferation of these casino-type establishments in Trinidad and Tobago. . . . Section 11(1) of the Gambling and Betting Act Chapter 11:19 provides specifically that gambling may be conducted in a private house or a private members' club provided that no money or money's worth put down as stakes, paid by way of losses or exchanged for tokens used in playing a game, is disposed of otherwise than by payment to a player as winnings. As a result, the Government proposes to enforce the law so that Private Members' Clubs must operate within the confines and original intent of the law. In other words . . . Private Members' Clubs cannot engage in gambling activities that involve payments being made to the house. This law will be reviewed and strengthened to give effect to Government's policy in this regard. We also propose to ban the importation and use of all slot machines. These measures will take place with immediate effect . . . as far as the online gaming system is concerned, there will be no further expansion in the games offered and the Government is moving to eliminate the entire system. (Budget 2007: 35)

However, it is interesting to note that while the Prime Minister was announcing the Government's intention to close down casinos and online gambling, the National Lotteries Control Board was announcing that it had signed a new five year contract to 2011 with GTECH Corporation of the USA, estimated to be around 78 million US dollars (Gaming News, 6 October 2006). GTECH is the company that was responsible for introducing the online gambling games and technology to Trinidad and Tobago since 1994. As part of its contract, GTECH is also responsible for the provision of the computer terminals and their installation and provides assistance as well in the area of marketing of the various online games. More recently, GTECH has also enabled the provision of a top-up cell phone and utility bill payment service from its terminals (ibid.).

Nevertheless, following upon this declaration in October 2006, in June 2007 the Government subsequently made the necessary amendment to the Gambling and Betting Act in order to plug the loophole that previously allowed PMCs to engage in gambling without being subject to prosecution. Under the amendment, any premises where there existed 'a gaming machine' was now considered a 'common gaming house' and 'gaming machines' included slot machines, a major source of casino income. However, although the President of the country assented to the new legislation in July 2007, it remains yet to be proclaimed (Bagoo 2007; Persad 2009). Consequently, casinos or private members club continue to operate and proliferate. In response to these decisions and actions on the part of the Government, casino owners and workers led by the Association of Members Clubs (AMC) and Union of Members Clubs and Lottery Workers (UMCLW) together with other interested stakeholders, launched a vehement public protest which culminated in a public rally (*Gaming News*, 16 October 2006; Welch 2007; Baghoo, June 28 2007). As a result of this collective action, the Government was forced to delay the implementation of its policy by giving casino owners a period of 5 years to phase out their operations and by offering to retrain workers in order to facilitate their re-employment in other sectors. This is where the situation stands at present. At best, therefore, the nascent casino industry in Trinidad and Tobago is in a state of limbo and the future prospects look rather dim.

Future Prospects

Undeniably, gambling is a very lucrative business in both the state and private sectors of Trinidad and Tobago as it is globally, with significant spin offs for the economic and social development of the country. However, based on present trends, the future of some sectors of this industry, particularly casino gambling, do not look bright. If the casino industry is to survive and move from the margins to the mainstream of the gaming industry, there are several critical requirements, which would require closer collaboration with both government and civil society:

- It must be decriminalized.
- A supportive legislative and regulatory framework as obtains in horseracing must be created to facilitate its decriminalisation, development and to deal with issues such as money laundering.
- Casino owners need to become more organised and present a more united front to dealing with the problems of legitimisation and the shady image of the industry. At the regional level as well, the formation of a Caribbean Casino

Association should be considered in order to provide a united front to CARICOM governments and enhance the regional visibility and viability of the industry.

- In the absence of a regional casino body, local casinos should also consider strategic alliances with other casinos in the Caribbean as well as internationally.
- Casinos also need to lobby the hotel sector to help gain legitimacy and support as an important dimension of the country's tourism development and package.
- Casinos need to develop a closer relationship with the community as was the case with the *whe whe* bankers of long ago. One particular casino has taken the lead in this regard by directly funding the development of sport and culture. In this regard, it actually owns and finances a team in the local professional football league. While all casinos may not be able to undertake similar social investments, it could serve as a useful strategy to gain public legitimacy which is presently lacking. Such community initiatives might also be extended to other pressing social problems such as homelessness and poverty. In short, casinos need to win the community.
- New research needs to be conducted to understand the level of support for gambling in general, and casino gambling in particular, given its recent spread on the island. There is a need to understand why gambling on horses, lotto, play whe and lottery numbers is tolerated more than gambling in casinos. What makes casino gambling more injurious to our morals and our social fabric than betting on horses or playing the national lotto on a weekly basis?

Without these structural, organisational and developmental changes, the casino industry in Trinidad and Tobago has no real future.

Undeniably, gambling is a very lucrative business in both the state and private sectors of Trinidad and Tobago as it is globally, with significant spin offs for the economic and social development of the country. However, based on present trends, the future of some sectors of this industry, particularly casino gambling, do not look bright.

Appendix 1

Mark		Partner	Spirit
1.	Centipede	5	4
2.	Old lady	24	–
3.	Carriage	19	1
4.	Dead Man	35	–
5.	Parson Man	1	4
6.	Belly	–	15
7.	Hog	–	13
8.	Tiger	12	26
9.	Cattle	33	29
10.	Monkey	23	28
11.	Corbeau	23	28
12.	King	8	26
13.	Crapaud	17	–
14.	Money	25	–
15.	Sick Woman	19	6
16.	Jammette	17	–
17.	Pigeon	16	–
18.	Water Boat	10	–
19.	Horse	15	3
20.	Dog	22	–
21.	Mouth	23	–
22.	Rat	20	–
23.	Big House	28	21
24.	Queen	2	–
25.	Morocoy	11	14
26.	Fowl	82	7
27.	Little Snake	30	26
28.	Red Fish	23	10
29.	Opium Man	9	33
30.	House Cat	27	18
31.	Parson's Wife	14	–
32.	Shrimp	31	–
33.	Spider	20	–
34.	Blind Man	31	–
35.	Big Snake	4	–
36.	Donkey	34	11

Source: National Lotteries Control Board 1995.

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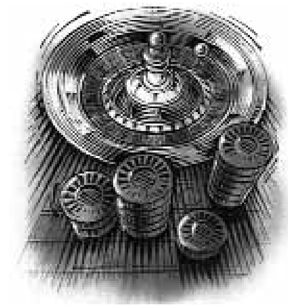

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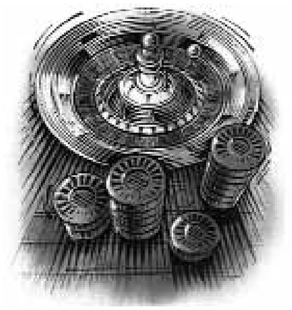

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