

VALUES OR CASINO?

**BY TAN SOO SAN
(SINGAPORE)**

TEACHING GUIDE

SYNOPSIS

This case uses a current issue to bring to life the challenges of policy formulation and implementation. This case study focuses on the decision facing Singapore on whether to open a casino, given a clear opinion divide in its society. Many stakeholders including NGOs, religious groups and social commentators, are concerned over this issue. Similarly within the government, different interests and positions are represented by different Ministries such as Trade and Industry, Community Development and Tourism.

The context is one of urgency. The Private Secretary to the Prime Minister has to study the proposal and submit his recommendations, with the help of the various ministries. He has to balance the conflicting interests of economic gain and social cost, and make a judgment call. These include job creation and tourism flows, with the ethical dilemma of potentially encouraging gambling and other social evils. The Private Secretary faces three challenges:

1. To recommend whether to allow the legalising of casinos and provide good reasons.
2. To consider the social impact of having a casino, including possible repercussions on values, morality and the social fabric and identity of Singapore.
3. To consult different interest groups and address the main stakeholders' concerns.

OBJECTIVES

1. To formulate and implement "win-win" strategies that impact society through managing a conflict of interests between economic and social factors.
2. To highlight the importance of public consultation in dealing with different stakeholders' concerns.
3. To appreciate the impact of the growth of casinos worldwide on a country's national policies.

TARGET GROUPS

This case study is suitable for senior public officers who are involved in policy formulation and implementation, senior officials of NGOS, political economists, and social science and public communications students.

CASE LEADING STRATEGY

Suggested Format

1. The case study faces a decision dilemma at the end. Private Secretary to the PM, Mr Wong needs to make a recommendation based on the inputs given by the ministries. He also needs to propose solutions to implementation issues if he decides in favour of the casino idea. Alternatively, he can decide against, or postpone the proposal with suggestions to deal with some groundwork preparation before revisiting the idea at a later stage.
2. Given the length of the case, it is suggested the case study be distributed to the class at least one day before the discussion. The class can be divided into groups of four or five for the discussion.
3. The total time allocated for the case study is approximately one and a half hours. The suggested format is as follows:

Time (minutes)	Activity
10	Facilitator goes through the case story line with the class.
20	Option 1: Different groups to discuss questions (see below section) Option 2: Different groups to role play Mr Wong and the three Ministry representatives.
30	Option 1: Group presentation and plenary discussion - One group representative to present group's analysis and recommendations; - All groups to analyse and discuss strategies and recommendations presented. Option 2: Groups to role play and discuss with each other to reach final strategy.
15	Facilitator round up key learning points and questions for Resource Person, a key decision-maker on the issue.
15	Question and Answer session with Resource Person (this assumes that in real life, the decision had already been taken)

Option 1

Questions

- a) What are the pros and cons of the proposal to set up a casino resort in Singapore?
- b) Who are the major stakeholders and what are their concerns?
- c) How would you use the survey results in making your case for or against the proposal?
- d) If you were Mr Wong, what would you recommend and how would you go about implementing the decision?
- e) How does the Malaysian experience with Genting apply to Singapore's decision?
How does competition with Genting influence Singapore's decision?

Option 2

Role Play: Each group takes on the role of a stakeholder and discuss strategies and respond to other stakeholders. The groups then engage each other in a simulation of the decision making process at the end.

ANALYSIS

Option 1

a)

PROS	CONS
Economic gain through the tax revenues from casino earnings. Could be used to lower other tax burdens.	Moral objections to encouraging gambling as an addiction.
Job creation and stimulation of the economy.	Religious objections from society posing threat to social cohesion.
Increase in tourism inflows into Singapore.	Wrong signal from government to society with regard to traditionally upheld values of hard work, thrift, honesty.
Spin-off new industries e.g. technology, security surveillance, dealers for casinos	Lead to other social problems e.g. fraud, money laundering, crime, family break-ups, bankruptcies.
Get slice of global gaming market with	Not a good economic strategy based on

potential to be a gaming hub.	sound and sustainable economic development. Opportunistic and “get rich quick” mentality.
Tap on potential of China market	Might divert spending from other existing entertainment and tourist spots, hence no net economic gain but hollowing out of other sectors.
Less vulnerable to business cycle given popularity of gambling.	“Protective” measures and entry restrictions are discriminatory in nature.
Attract foreign investors for the project.	Possibly tarnish image of Singapore and its political leadership as a clean and morally upright one, especially given society’s lack of consensus that taxing gamblers is ethically right.
New entertainment venue for Singaporeans and tourists if an integrated resort was built. Add to vibrant and cosmopolitan Singapore.	Affect public perception of Singapore from its Muslim friends internationally who do not endorse casinos and have moral and religious objections (see survey).
Gambling is already popular in Singapore and is a global phenomenon, hence better to control industry through regulations and protective measures governing a legalised casino.	

b)

Stakeholders	Concerns
Government	• To find ways of growing GDP for the country’s economic future. • To make Singapore an attractive hub for international investors, talent and tourists. • To build a cohesive society and promote good values. Conversely, to prevent divisive forces from tearing apart social fabric.

	• To gain trust and confidence from the public in the policies it decides to adopt. • To contain social problems and elements which have a negative impact on society. • To have dialogue with opposing pressure groups so as to pre-empt them taking the issue into their own hands and organising campaigns against the government.
Religious Groups	• To uphold moral convictions and adhere to religious teachings e.g. against gambling. • To promote good values and virtues for the socio-economic and moral well-being of the wider society.
Social lobbies	• To protect the vulnerable in society and prevent widespread social problems e.g. caused by vices. • To raise public awareness of the root causes of social problems e.g. behind suicides, bankruptcies, and help find solutions. • To push for anti-gambling laws, promote help for the addicted gamblers and dysfunctional and financially needy families. • To be consulted by government especially in the formulation and implementation of social policies, or policies that have a major social impact.
Business operators	• To seize business opportunities in gaming industry or spin-off industries e.g. in tourism, construction, infrastructure development of resort. • To benefit from global phenomenon and gain a market share. • To tap on China market. • To ensure economic profitability and long term viability of their involvement in the casino resort, i.e. seek less restrictive policies that would encroach on the project's economic viability.

International Survey

- c) The survey results can be used to support a case against setting up casinos, as it largely reflects the Muslim countries' positions against it. They also reveal that many believe setting up a casino would encourage gambling addiction and is detrimental to

good values. It is also interesting that most do not find casinos as a compelling tourist attraction. However, it must be noted that the survey covered mainly developing countries that might not be a significant tourist market for Singapore. Nevertheless, the survey provides a list of countries with legalised casinos which might be useful for further study by the Singapore government before its decision. A similar survey could also be done among Singaporeans to get the complete picture.

If you were Mr Wong...

- d) Mr Wong has three options. First, to recommend a case in favour of casinos. Second, to argue against. Third, he can decide for a better timing to revisit the issue after studying the social impact in greater detail and gain wider acceptance in society for whichever decision the government would take in the future.

For the case in favour:

Mr Wong needs to emphasise the evidence of the economic gains and persuade the public that these will benefit the society at large. He must ensure that protective measures are taken to address the concerns raised by the opponents. For example, he can have direct and open consultations with the religious and social lobby groups to exchange views and seek solutions to limit the social problems. During such consultations, he can also seek greater buy-in from these groups as far as possible. As it is unlikely that these religious groups will agree with the decision, it is important for the government to devise measures such as restrictive policies to entry for those who can afford to play at casinos. This needs to be explained to grassroots that it is not so much discrimination towards the poor, but rather protection for the vulnerable and compulsive gamblers. Further, the government might wish to put in more resources and efforts to help gambling addicts and families facing financial ruin gain access to counselling services. Public awareness should also be raised on the effects of compulsive gambling, consequences of borrowing from loan sharks, laws against money-laundering and other gambling-related organised crime. The final challenge is for Mr Wong to have all these safeguards and yet convince business operators that these regulations can still give them an economically viable and attractive project.

For the case against:

Mr Wong needs to stress the social problems caused by gambling and try to get more concrete evidence. A public poll might be useful for assessing the society's views. He also needs the help of as many public channels to prove that the decision in favour of casinos will have a long lasting negative impact on the social fabric in Singapore. This would not augur well for the new political leadership in Singapore. Possibly, Mr Wong could find evidence to support that a casino in Singapore might not be able to compete with Genting and Macau. Further, the arguments challenging the uncertainty of economic gains and increase in tourism can be presented.

For the case to postpone the decision:

Mr Wong sees merits in the case of both the proponents and opponents. He decides that the evidence is inconclusive, and the case not compelling to take sides. Possibly, a public poll would show a divide down the middle splitting the society into two camps. This is significant given the usual indifference or quiet acquiescence of the Singapore public towards government policies. Public debate to the proposal shows a significant impact on deeper issues of nation-building, cohesiveness and question of identity of the people, as well as trust in the government-citizen relationship. Hence, Mr Wong can conclude that the society at large is not ready for taking such a drastic decision. More time is needed. The government also has to build up more goodwill and gain trust of the people before tackling this issue in future. The government can use this as an opportunity to prove its genuine sincerity to consult different pressure groups and social activists in its policy formulation process. It also needs to review its traditional social engineering approach in dealing with a more vocal and diverse group of citizens.

Relevance of the Genting experience

- e) Genting had top level political support from the Tunku and no objections in Cabinet. It also dealt decisively with the moral objections of its largely Muslim community by imposing a ban on the entry of Muslims into the casino. Given the heavy financial and infrastructure investments required, the project required tax breaks and pioneer

status. Singapore needs to consider whether to take the same approach in its case, bearing in mind that the economic gain argument will be weakened if substantial government financial support is required. The alternative is to have the project completely run by foreign investors and local entrepreneurs without government subsidy.

Genting also reveals there are great benefits of an integrated tourist resort, even for locals. Genting Berhad's foreign forays, diversification and investments show the potential of developing a similar external economic arm for Singapore's economic prospects. It could also provide a great opportunity for local industrialists and entrepreneurs.

Singapore could learn from the way environmental and developmental concerns were handled by Genting. The township idea is also similar to Singapore's plan to develop a residential area in Sentosa Cove.

Finally, a more detailed economic feasibility study needs to be done focusing on the effects of competition with Genting. This must take into account that about one fifth of Singaporeans visit Genting. With a casino in Singapore, will they switch to playing in Singapore instead? Are there pull factors that will still make Genting more attractive? Further, Genting Berhad's vast financial resources will give it a competitive advantage against Singapore.

KEY LEARNING POINTS

1. The case facilitator may wish to round up the discussion by asking participants what they had learned from the discussion. These may include the following:
 - a. Policy makers must be adept at managing different interest groups and balance economic and social factors in public policy formulation and implementation.
 - b. Public opinion is a good indicator of values upheld by society and its readiness to accept government policies. It is important to manage public opinion and take different concerns into consideration before making a policy decision. The voice of

minority groups can influence public opinion, for example through their letters to the press stirring public debate.

c. Government policy must gain wide acceptance and buy-in from society at large. It must also ensure that the benefits accrue to a wide social distribution rather than enriching business interests at the expense of the weak or vulnerable. The government must be responsible to ensure the moral and not just economic well-being of its citizens.

d. Timing of a policy is crucial, as it has the potential to make or break a government. Although Singaporeans are not known to create anarchy, their goodwill and trust in the government's character and capability cannot be taken for granted.

e. There is value in looking at other countries' experiences and adapting relevant lessons and apply them in the local context. The learning curve for policy makers and policy implementation can be expedited by reviewing what others, who have gone ahead, have done during their time.

f. There is a need for the government to develop an effective public communications strategy for marketing policies that might be unpopular with segments of the population. This will require skills to persuade and pacify opponents to the policy with measures that will address their concerns.

THE OUTCOME OF THE CASE STUDY

The case facilitator may wish to close the discussion of the case study with the outcome of the government's decision. The Resource Person is invited to explain why and how the government took the decision and how it was implemented. The class could raise questions and offer suggestions to improve or refine the government policy.

This case can be further developed to capture the whole process of government policy:

Phase I: Policy Formulation (using this existing case)

- Phase II: Policy Implementation (what actually happened and why decision was taken, such as the new information provided by Resource Person)
- Phase III: Policy Review (a critique of existing policy, the effectiveness of measures adopted, as well as identifying new problems that have cropped up requiring new solutions or a revision of current policy.)