

The Influence of Legalization of Gambling Industry on The Change in Urban Labour Output

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Abstract. A side from the fact that gambling stimulates crime in places such as Britain, Las Vegas and Macau, it has boosted tourism and the region's Labour force. The legalization of gambling industry has promoted the formation of a huge business system in Singapore, Las Vegas and other areas to meet the needs of gamblers, such as catering, hotels and luxury goods. And in the early stage of legalization, the local crime rate will not increase significantly but the unemployment rate will drop greatly. So as long as the government regulates it properly, the gambling industry should not deal a serious blow to the local economy.

Keywords: Gambling legalization; Urban labor output; Tourism boost; Crime rates; Economic impact; Employment rates.

1. Introduction

Studies over the past decades have provided important on the legalization of gambling. While various definitions of the term gambling have been suggested, the definition suggested by Korn & Shaffer (1999) saw it as Risking something of value on an outcome of an event when the possibility of winning is less than certain. In the history of development economics, gambling has been thought of as a key factor in stimulating tourism development and significantly increasing government revenues. Although extensive research has been carried out on the impact of legalised gaming on economics, no single study exists which changes in local labour output after legalisation has taken place. A combination of quantitative and qualitative approaches was used in the data analysis. The main issues addressed in this essay are: growth in output in other industries, the impact of gambling on the local tourism workforce, and the toll gambling takes on the workforce. This paper first gives a brief overview of the recent history of legalisation of gambling. The following chapter is condemned with the methodology used for this study, the last section presents the findings of the research, focusing on the three key themes that the economic role of gambling in legalization areas, the differences between before and after, and comparisons with the data of output structure.

2. Gambling stimulates labor output

2.1. Growth in output in tourism and tax

Despite the focus on the damage that gambling does to public safety, the increase in crime rates, and the decline in individual happiness indices it appears that the gaming industry plays an important role in pushing local economic development, increasing government public revenues and promoting tourism in the region. Politicians in favour of expanded gambling operations point to the revenue-generating potential for state and local governments of state lotteries and the taxation of casino revenues (Melissa Schettini Kearney, 2005)^[1]. Maximum tax rates on gross gaming revenues in American casinos range from 6.25 percent in Nevada to 35 percent in Illinois. Taxes on casinos are not an important source of public sector revenues for most states in the United States; only Nevada is heavily dependent on tax revenue from casino gaming. Non-Indian casinos paid over two billion dollars in taxes to states on gaming revenues in 1997, compared to state lottery revenues of approximately ten billion dollars in the same year (Eadington, 1999, p.187)^[2]. Public finances benefited accordingly from S\$420 (US\$330) million paid in company and goods and services taxes,

casino duties and entrance levies in the even months to November 2010 (Reuters, 2011)^[3]. /4After legalization, which causes total government revenue to increase significantly, local government probability reduces the tax rate on other fields, such as industries, high-tech industry and so on. Especially in industries, Table 1 points out that both direct and indirect tax incentives stimulate R&D expenditure (Jeffrey I. Bernstein,1986)^[4], which stimulates growth in labour output in this area. As a result, legalised gambling positively affects output in other industries.

Table. 1 Effects on R&D expenditures from tax policy changes

Tax Policy*	Change In R&D expenditures						
	Effect at existing output level	Effect of induced output change -1.5** -3. -6 (millions of 1984 dollars)			Total effect -1.5 -3. -6		
R&D investment tax credit (effective rate)	1.045	.285	.561	1.123	1.330	1.606	2.168
Incremental R&D investment tax allowance	.821	.224	.441	.882	1.045	1.262	1.703
Physical investment tax credit	.828	1.561	3.139	6.260	2.389	3.967	7.088

(Jeffrey I. Bernstein,1986, p443)^[4]

2.2. The impact of gambling on the local tourism workforce

In addition, the gaming industry contributes significantly to local tourism output. The casino is not only a venue for gambling activities, but also one of the important attractions in the area. In order to better serve the tourists who come to gamble, we will vigorously build supporting catering, accommodation and other service industries. Thus, forming a relatively complete industrial chain. Since the legalisation of gambling in Singapore in 1968, the Singapore government has opened the Singapore Gaming Corporation, and two casinos in 2010. The tourism industry thus generates a large amount of additional revenue, especially from inbound tourists. Inbound arrivals exceeded one million in July, a monthly record, and the annual numbers of 11.6 million were 20% greater than in 2010. Receipts increased by 50% to S\$18.8 (US\$14.8) billion whereby tourism contributed 4% of GDR Over 75% of the business came from Asia and Australia (STB, 2011)^[5] and leading markets of Indonesia, China and Malaysia were reportedly especially drawn to the casinos (The Straits Times, 2011c)^[6]. To cope with the increasing number of tourists and provide them with satisfactory service, the casino has opened a large number of jobs for the local people, involving casino management, catering, accommodation services, entertainment shows and new transportation lines. At the same time, companies such as travel agencies will significantly increase the number of employees. As a result, local unemployment is gradually falling and labour output is rising.

2.3. The toll gambling takes on the labour force

The mention of gambling inevitably leads to crime. Often in the early days of legalized gambling in a region, crime rates do not increase significantly. But after a few years, the number of gambling-related crimes such as theft, picking quarrels and wounding will gradually increase. Gambling addiction is also a vicious event that has been criticized by residents. In severe cases, it can lead to domestic violence, alcohol, and drug abuse. At the same time, gambling will also cause a series of financial crimes, such as illegal lending, money laundering and tax evasion. Such a series of illegal acts will lead to the decline of the city's per capita happiness index and make part of the labour force

lose the ability to work or even personal freedom. Although most governments have enacted laws limiting access to casinos and providing abstinence services, gambling's debilitating effect on labour output is inevitable.

3. Summary

From the review of the current literature, it can be seen that the economic role of the gambling industry has long been a controversial topic while much of the previous literature has focussed on tourism there have been few studies which examine crime. Thus, there is scope for further research the gambling in labour output. Therefore, this study aims to in addition to reducing labour productivity to some extent because of illegal gambling, increases in government tax revenue and the development of tourism will greatly increase regional output.

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