Public Morality and Gambling Policy

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Questions and Answers

Q: Why do Governments, at least in democracies where they have to take account of public opinion, so often produce bad gambling legislation?

A: Because it is quite difficult and complicated activity to produce good gambling law legislate for bit not a very important one and therefore politicians and civil servants don’t devote the necessary time to thinking the issues through?

Q: Why is it difficult to make good gambling law?

A: Because it involves understanding and reconciling conflicting principles in relation to public or political morality and this creates large opportunities and incentives for groups to promote the economic, political and ideological interests by exploiting different appeals to principle
The Normative and The Empirical in Policy-Making

• Normative judgments generally purport to identify the moral ideals, values or principles which ought to guide individual and collective conduct.

• Moral judgments in politics identify aspects of the kind of society which we think we ought to be trying to create or preserve

• Empirical judgments purport to tell us what the facts are and how they relate to one another

• Empirical judgments in politics tell us what will be the likely consequences of different courses of action
What good gambling legislation requires

• Governments need to avoid mistakes about the empirical facts – e.g. tourism predictions, optimising tax rates, effectiveness of anti-problem gambling measures

• But governments need to avoid mistakes in their normative thinking and think through their moral commitments especially when they encounter conflicts between moral principles

• These latter kinds of mistakes are less well understood than the former
Principal Values Underpinning Public Policy in Plural Societies*

- Security: protection of citizens against foreign aggression; against force and fraud at hands of fellow citizens; and against avoidable harm, e.g. through illness or natural disaster
- Liberty: individuals should not be prevented from living as they choose provided they don’t harm others – and to work, to buy and sell as they choose
- Justice in retribution and distribution
- Maximising Prosperity and Minimising Poverty

* = Those that tolerate a diversity of opinions about values or normative issues
So what’s the Problem?

Why don’t we treat gambling like any other part of the entertainment industry (novels, restaurants etc) and:

- Providing there are adequate protections against force and fraud and health risks
- Allow willing buyers to do business with willing sellers
- Paying normal taxes
- And creating some additional prosperity through consumer surplus - and perhaps some export earnings (tourism) and import substitution (discouraging domestic gamblers from going abroad)?
The Problem for Gambling is Democracy

- Democracy is a system of government which forces rulers (those who make the rules) to conform their behaviour to what (majority) public opinion will approve or at least accept.
- It is the only form of government which accords with the principle of political equality and it is in practice more conducive to the protection and promotion of liberty and the protection of rights than alternative systems.
- But it does not guarantee wise or efficient or morally admirable decisions and
- It allows people to ensure that policy reflects their own moral preferences.
What does Public Opinion Think about Gambling

It is conflicted

• Some think that the form of gambling they supply is mostly harmless and provides a lot of pleasure and so should be treated no differently from any other entertainment service

• Some think gambling is inherently wicked and subversive of the moral basis of society

• Most think it largely harmless but retain some restrictionist misgivings on the basis that for some it can be highly dangerous for some and it is not major enhancer of the quality of life or a major contributor to high culture

Hence the democratic consensus/compromise: “We’ll have some but not too much”
Why does other people’s gambling make us nervous?

- It offers the opportunity for people to get money without working for it
- It defies the social law which states that money (income and wealth) must be distributed according to desert
- Like promiscuity undermines the kind of responsible behaviour on which the survival of society depends (or used to).
Political Sub-Principles which this Democratic Consensus Introduces and which apply particularly to gambling legislation

• Individuals should be allowed to choose for themselves how to spend their own time and their own money in pursuit of entertainment, even if other people think their choices are stupid or wicked or bad for them.

• Vulnerable individuals, notably children and potential “addicts,” should be protected from exposure to dangerous substances and practices.

• The democratic rights of sub-national communities must be decide and secured.
Economic Sub-Principles which this Democratic Consensus Introduces and which apply particularly to gambling legislation

- *Fair competition* policy must be established in respect of awarding licences
- The public economic benefits which come from legalising gambling should *benefit the least advantaged* and the flow of taxation should ensure *redistribution from richer to poorer not vice versa*
- *Existing interests* should not be disturbed save for good cause shown
Meta-Principles which apply particularly too gambling

- The law should promote *stability and predictability* in the industry which it affects
- The law should promote *respect for itself and be enforceable*

N.B These sub-principles are always *liable to conflict* with each other, with the principle of personal and economic liberty and with the democratic principle of majority decision-making: politicians may have to make choices
How Liberalising Gambling Laws Typically Get Made (1)

- Government identifies something unsatisfactory about the present state of the law: illegal gambling; inadequately regulated gambling; money going offshore; “too much” gambling

- Government identifies economic advantages to be secured from liberalisation: gambling tourism; unresented taxes – gambling privilege taxes, licence fees, prescribed investment
Governments identify obstacles to liberalisation:

- Many people have moral and/or religious and or cultural/aesthetic objections to gambling and most people have some misgivings
- There are perceived dangers of excessive and compulsive gambling
- Gambling displaces spend on other activities and therefore damages some existing businesses
Restricting the Availability of Gambling Opportunities

- Governments always place some restrictions on the availability of gambling opportunities to reduce the perceived risk of negative social impacts: there is never a free market
- These restrictions (unaccompanied by price regulation) make possible abnormal profits
- Governments seek to capture these abnormal profits by owning the gambling industries, having high gambling privilege taxes, selling licences for large amounts of money, or harnessing the creativity of the private sector to delivering high value public interest investments
Consequences for Business

Commercial success depends in the gambling business on:

• Getting government to allow you maximum freedom to sell your services with the lowest costs (incl taxes) and at optimum prices

Prohibiting your competitors and potential competitors from operating at all – usually on the grounds that their business, unlike yours, is terrible for problem gambling
The Singapore Story (1)

- Singapore managed the public debate superbly
- Made substantial provision for preventing excessive gambling amongst Singaporeans
- Clearly identified its objectives, viz to promote tourism by harnessing the creativity of the private sector to the delivery of major tourism-enhancing infrastructure and to prevent Singaporeans from gambling abroad
- Setting a low tax rate
- Running a process which is extremely transparent and extremely tough
The Singapore Story (2)

• There is tension between keeping gambling spend onshore and preventing Singaporeans from gambling too much: if the $100 entry fee is an adequate deterrent Singaporeans will continue to gamble on the pleasure boats, at Genting etc. If not or it is circumvented, Singaporeans’ gambling problems will be brought onshore and two casinos will not be enough

• Regional competition may undermine the tourism market

• The character of Singapore will change
The UK Story

- Addressed problem gambling, remote gambling and establishment of Gambling Commission quite successfully but failed dismally in introduction of casino policy
- Assumed their legislation would be uncontroversial
- Assumed they could have a free market and still not have “too much” gambling
- Failed to see the necessity for identifying potential public economic benefits and decide the appropriate tax and other policies for securing them
- Failed to manage the existing industry’s demand to be protected from competition
- Failed to reassure the public about the problem gambling issues, including telling them some problem gambling is the price of freedom – as it is with problem drinking and alcohol
Three Lessons for Europe

• There will never be a free market in gambling services when we have a United States of Europe – unlimited prize gambling machines will still not be permitted in school playgrounds and old age homes

• Harmonising gambling policy requires harmonising tax policy: nationalised monopoly gambling industries, high gambling privilege tax rates, high licence fees and high investment requirements are all ways of promoting and protecting the public interest which from the point of view of public morality are equally legitimate

• All European countries have measures to protect against problem or excessive gambling but they have very different ones relating to what forms of gambling are permitted and what prohibited