

Socio-Economic Origins of Kangwon Land Casino and Marina Bay Sands in South Korea and Singapore

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Abstract: This paper traces the circumstances associated with local and international factors which led to the development of Kangwon Land Casino in South Korea and Marina Bay Sands in Singapore. As a comparative study of two casinos in the Asia-Pacific nations, it explores a period of economic challenges and ways in which two Asian economies initiated projects of development to expand the tourism sector. Interrogating and drawing on a perspective that contextualizes the specificity of the history of these two casinos, we are able to understand the social and economic responses to a series of global financial crises that led to their eventual establishment.

Keywords: Integrated Resorts, Casinos, Economic Challenges

Introduction

The development of Kangwon Land Casino (here on as KLC) and Marina Bay Sands (here on as MBS), two similar attractions but in two different Asian societies provide a neat if not complex understanding of state responses to economic crisis and societal reactions to such initiatives. The paths taken to develop these major attractions as a turnkey project edifies an enriched understanding of the origins and points of convergence and departure of two Asian competitive destinations.

Papatheodorou, Rosselló and Xiao (2010), observe that when the tourism sector is affected by an economic crisis, there is always a possibility that if there is no innovation or sustenance in the tourism landscape, then, when the economy improves, the sector may decline even further. Therefore, destinations that introduce innovations are actually better prepared when the economy revives. Another important point is the emerging trend of 'staycation' where domestic tourism plays an important role in economic reinvigoration. In this respect, new creations of tourism attractions are considered to reorder or realign society if therein there lies a strenuous impact (see also *Jóhannesson and Huijbens, 2010*). Deploying a historical research methodology, this study attempts to identify the significance of social and economic factors contributing to the present state of the two attractions.

In order to have a job-led recovery, new investments combined with resource consolidation are needed (Muqtada, 2011). The alternative to investments is a restrictive monetary policy and spending reductions which does not usually help the economy grow or resolve the unemployment rate. Greif (1998) in his comparative and historical institutional analysis investigates the reason societies take the shape of unique state structures and projections. State enforced regulations combined with the larger social norms and values tend to attune the outcomes. In a study of ways in which three different low-income communities in Santa Barbara coped with the current economic crises, Carney (2012) shows that given the space constraints

families used potted plants for their vegetable supplements and more consumed home cooked food than before. When it came to the crunch, people tend to adjust themselves for a lesser lifestyle. The study also suggested the delinking of global-industrial food production to backyard or community gardening production for self-sustenance during challenging times. ...

The decision to focus on Kangwon Land and Marina Bay Sands was based on three main principles. Firstly, both attractions were borne out of recessions. Second, both societies share a largely conservative if not confucianistic values. Thirdly, being Asian economic star performers, it is apt to study both destinations in a context that would be reasonably comparable. Among four newly industrializing countries of the 1980s, South Korea and Singapore were considered the Little Tigers due to their phenomenal growth.

Understanding the challenges each of the economies faced and their policy responses will facilitate further clarity. In addition to these objectives, the authors have lived and worked in both societies and therefore their access to insiders of the business and insights made the choice of the two destinations even more palatable. In fact Singapore officials have visited the Kangwon Land Casino to learn about their operations and gambling addiction preventative measures (Kim, 2012). Both casinos share the same concerns of domestic tourists as much as a factor of contributing to the economy. These reasons form the basis of our comparative study.

In 1989, the Korean government came up with Coal Mining Industry Rationalization policy that technically implied mine-abandonment due to the rapidly declining rate of profitability and inefficiency in domestic coal mine industry. Since then, the number of mining stations in regions had significantly reduced from 355 to 52 and 31,535 workers lost jobs (Cho, 2008). Local villagers registered their grievances by staging anti-government protests. It appeared like the days of the former Prime Minister, Margaret Thatcher of Britain fighting off Arthur Scargill the trade unionist leader in the 1980s over the closure of inefficient coal mines. This led the government to seek alternative regional economic paradigm shift, so-called "Coal-mining to Tourism". They opened the door by establishing Kangwon Land casino to reverse the depression not only to attract tourists but also stop the leakage of domestic money for gambling outside S. Korea.

The 1997-98 is the period of Asian Financial Crisis that made it imperative for Singapore to find new ways to generate tourist arrivals. Several older attractions had lost its star qualities. There was a need to create new attractions to add to what was considered a tourism landscape that was unexciting and a familiar number of attractions. After a long domestic debate on legalizing casinos, a decision was made on April 18, 2005 to develop the Integrated Resorts.

S. Korea

Economy - Rationalization of Coal Mining Industry

With start-off of a 5-year economic development plan set up for economic boom, full-fledged industrialization begun and accelerated by coal mining development with Samcheok in Gangwon-do and Kimpo in Gyeonggi-do as the center. In particular, Dogye-eup, Samcheok-si, and Taebaek-si produced coal in premium quality which did not need additional refining process to be marketed thus those regions' economy was vitalized by prosperous coal (Cho, 2008).

Since 1956, southern Gangwon regional coal mining pits had been enormously increased from 30 to 200 numbers; not to mention, their output was in exponential rate: from 550,000 tons to 2,770,000 tons during 5 years until 1961 (Cho, 2008). Oil crisis hit in 1973 and 1978 over two times had played a part for coal to proliferate by revivifying the regional economy; consolidating the shift of the regional first industry, 'agriculture to coal-mining' till the mid 1980s (Cho, 2008). There was remarkable economic growth in Korea during this era of focused industrialization. However, the proliferation of industrialization and the miraculous economic growth had changed energy consumption structure and coal was increasingly seen as 'limited reserves'. To meet with new energy solution to support industrial growth, the government then initiated the Coal Mining Industry Rationalization Policy in April, 1987, which aimed to strengthen coal mine areas' competitive advantages and protect the regional areas from stagnation caused by abrupt shut-down (Lee and Back, 2012). This led to the shut-down of several inefficient coal mines and many workers demonstrated raising their voice for a government 'bailout' (10 Year History of High 1 Resort).

In the southern Gangwon regions such as Taebaek, Jeongseon, Yeongwol and Samcheok, 303 out of 355 coal mine pits had shut down between 1989 and 1994. Not to mention, the chaotic phenomena resulted in the dislocation of 31,535 mine workers (Cho, 2008). What was once booming coal mining cities, vivid and lively regions quickly became slums. There appeared no alternatives to replace the extractive economy.

Social - Responses of Social Institutions and the Government

Distrust with the government had transformed to vehement actions against the state over its economic policy. By the year, 1993 when Hamtae and Gangwon major stations shut down pits that have long been foundation for living (Kim, 2012). People's livelihood was threatened and eventually anti-government demonstrations led to the passage of bill designating the devastated coal lands as special zones for economic revival in July 1993 (Cho, 2008). Yet, the government did not come up with a specific rescue plan at the beginning.

At last, 600 numbers of locals pooled up approximately USD 200,000 which became foundational capital of Taebaek Highland Tourism Development Public Limited Company (hereafter Taebaek Highland) after all in order to support organizing anti-government protests and ensuring their rights and voices(Cho, 2008). Anti-government strikes were getting more vehement and larger in scale. They tried to mobilize any heavyweights among civic organizations like women's organization, religious group, furthermore pan-national signature-seeking drive was undertaken since Feb in 1995

by Gohan-Sabuk Regional Revival Opportunity Committee which was formed in Dec. 7, 1994 (Cho, 2008).

People's views were channeled through a public hearing were cooperated with consultation from external legal experts to speed up the passage of a special bill and appeal to the government for support. The administration of Trade and Commerce Operation Division conducted research of regional attributes and market surveys then it was realized that such realistic alternatives for example luring a nuclear waste dump site or fostering manufacturing industrial infrastructure may not be successful within mountainous regions (Cho, 2008 & Lee and Back, 2006).

Having come to terms, local residents reached a consensus that there can be no moderate solutions but an extraordinary measure which resulted in the idea of a casino. The move to establish a casino was still controversial even among locals in the first place but was eventually acceptable enough to draw support from the people. The people were ready to tackle the consequences caused by the establishment of a casino (Cho, 2008). The desire to go ahead with Kangwon Land Casino set a new paradigm shift to rejuvenate the economy in the coal mining districts. We have described this step as extraordinary because unlike manufacturing or services sectors, the casino has always been seen as a 'sinful' economic activity that clearly has the potential to create social ills as well as provide economic gains.

Concerned citizens of Kangwon Land continued through frequent rally, rain or shine, due to a hesitant government to legalize actions for casino establishment. On 3 of Mar 1995, was the notably significant date for Gangwon locals as they were promised that abandoned mine areas have been allocated as statutory development and promoted the district by a Special Act on Assistance to the Development of Abandoned Mines-Neighboring Areas, so-called 3.3 Agreed Framework, as well as specific business plans (Han and Cho, 1997). The Kim Young Sam Administration submitted very special 'Special Act' that stipulates permission of one casino business establishment that allows access of both domestic nationals and foreigners through government legislation. By unanimity of the ruling and the opposition parties speeded up the enactment to be implemented in 6 April, 1996 (Cho, 2008 & Lee and Back, 2006). This became ground-rules ideology for existence of Kangwon Land casino not too much later. However, the Kangwon Land Casino was to be the first one to be established exclusively for locals while the other 16 casinos target and compete for foreigners.

On top of all that, when they were looking for land parcel to build a casino, again faced conservative opposition from a Buddhist religious body. The land that was eyed for potential development for the casino was just above an existing monastery. As a matter of religious respect for Buddhist temple and its value as cultural assets, such a move was seen as disrespectful and cross-paths with the religious and spiritual sentiments (Choe, 2008). Statements and rallies from conservative opposition - religious and civic organizations prolonged the period of instigations towards this new livelihood and economic engine to be driven by casino. The conflicts with many opponents remained unsolved with the southern Gangwon people.

Economy - 1997-98 & Coal-Mining to Tourism

There is a general consensus that 1997-98 is the period of the Asian financial crisis, which originated in Bangkok and spread to Korea in the winter of 1997, forced the Korean government to turn to IMF for emergency credit. In the afternoon of 21 November 1997, the Korean government pushed for urgent economic support on a scale of 21 billion US dollars from IMF (International Monetary Fund). The crisis made many companies across the entire industry undergo urgent restructuring and mass lay-offs. There was no safety net for the vehement shake-out (Park, 1997).

The economic growth rate was descending to negative for the first time since the booming era called 'Miracle of Han River'. A series of unstoppable corporate insolvency was reported day by day. Since the call-for monetary bailout, an average of 5,000 people had to leave and find new work for living and 30 to 40 companies went bankrupt every day. The most skeptical prospect was being pervasive, practically approximately 1.7 million people lost jobs while unemployment rate was digging the undrawn bottom, which already hit the point of 7.6% in July 1998, even prospects for reemployment opportunities was gloomy (Chen, Park & Lee, 1998).

On the other hand, as reported by the Board of Audit and Inspection of Korea in 1998, about 3,000 people used their credit limit overseas for the purpose of gambling and the amount had been accumulated to US\$7 million (Lee, 1998). As reported, spending of money for horse racing, cycle racing, boat racing and lottery has drastically soared and set a new revenue record after the IMF era. (March for New Record of Bicycle Race Gaming, 1999).

Paradoxically, the tremendous economic stress caused by the coal mine closures created a need to open up the market through a shift in economic paradigm even though 80% of the budget for casino plan, which is 2.8 billion dollars was dependent on private inducements. For the purpose of feasible minimization of casino-related social-ills and financial burden as well as maximization of regional economic revival, they made up their mind to establish a 'Small Casino' in the mock-up stage.

Upon the completion of construction in August, the door of casino was opened in the afternoon of October, 28 in 2000 (Cho, 2008). The people holding 1,400 waiting number tickets and standing on a long line from 11 AM on the first day of opening to enter the casino that was to start its opening from 3 PM, marked the inevitability Kangwon Land casino.

The government took quite some time to seek a balance between people, different organizations and institutional government roles. The rationalization of the coal industry had led to a rapid decline from 1.7 million tons to 0.8 million ton and the regional population was on sharp decrease for two years since the advent of 3.3 agreed framework. Yet, government did not comfort them with determined and prompt actions, so locals intensified pressure on government's commitment through undergoing more diversified and systematic protest movements (Choe, 2008). Finally, the Coal Industry Promotion Board was reborn with a statutory role as a central operating body towards so-called 'Coal mining to Highland Tourism' in Apr 21, 1997 (Cho, 2008).

Socio-economic Contributions of Kangwon Land Casino

The first casino in Korea is Golden Gate casino of Paradise Group in Incheon that was established in August, 1967 and it has been a foreigner exclusive casino. From the past to the date of licensing Kangwon Land Casino in October, 2000, it has been 33 years for casino-form of businesses in Korea to be conservatively operated area more specifically aimed to earn influx of foreign currency. The desire for economic revival was sufficiently overwhelming to counter skepticism about casino as an economic tool for rejuvenation. In April of 2003, the main casino of Kangwon Land Inc., Kangwon Land Casino had 477 hotel rooms in the 5,330 sq km area 4-times of its initial capacity and costs USD 249.3 million (10 Year History of High 1 Resort). According to the Tourism Promotion and Development Fund Act, 10% of the casino turnover as well as some taxation are obliged to revert to the government for the fundamental purpose of promoting and developing tourism in Korea. Also, 10% local finance taxes has been contributed to develop dead mine area development fund. Thus, abandoned mine tax has significantly affected the provincial finance of Gangwon-do (Cho, 2003 and Kim, 2012).

The small casino already hit the revenue of USD 420 million in 2001 in turn, USD 40.7 million and 28.9 million that were reverted to government and local finance respectively in a compliance with the Tourism Promotion and Development Fund Act and Abandoned Mine Areas Development Fund Act. Moreover, it indicated significant growth equivalent to 5-times of that of 2000 (2011 Kangwon Land Casino Medium and Long-term Strategies Report) (Cho, 2003).

KLC was highly expected and obligated to meet fundamental objectives as a historic tourism project including revival of increase income of local residents in the Southern Gangwon-do. Gangwon-do's positive financial status since the birth of KLC can be seen in light of increase of local taxes ratio out of general accounts, from 11% to 30% between 1985 and 2000. The fiscal self-reliance ratio increased whilst finances dependence ratio had been in a downtrend while bringing regional financial stability to a consistent rise. Sales at KL casino in 2002 shared more than 50% of aggregate yield of Gangwon-do tourism (Cho, 2003).

According to Cho's study (2003), KLC had played a significant economic role by annual 100 billion won contribution. The financial capacity of KL casino was able to outsource 45% of general investment to local businesses. At least 60% of current 3,000 employees are Southerners of Gangwon-do moreover, population has been growing since emergence of casino business and more occupation opportunities have been created so the economic revivification of regions by new tourism pump-priming spectrum has been actualized (Cho, 2008).

Now, Kangwon Land Inc. became true to the name of 'Integrated Resort' having hotels, casino, golf links, ski resort, and convention center. The chart below asserts the financial growth and year to year uptrend change of casino entry.

Unit: Million of US dollars/ Capita

Year	Annual Sales	Number of Entry	Daily Average Sales/Capita
28 Oct to Dec, 2000	80.3	209,349	1.2/3,221
2001	411.9	899,590	1.1/2,465
2002	425.9	918,698	1.1/2,517
2003	596.4	1,547,847	1.6/4,240
2004	669.7	1,784,730	1.8/4,890
2005	735.5	1,881,559	2.0/5,155
2006	729.1	1,793,746	1.9/4,914
2007	881.7	2,451,920	2.4/6,718
2008	968.9	2,914,684	2.6/7,985
2009	1,048.9	3,044,972	2.9/8,458
2010	1,142.5	3,091,209	3.1/8,587

Figure: Sales & Entry of KL casino (2000~2010)

Source: (2011 Kangwon Land Casino Medium and Long-term Strategies Report)

In the meantime, casino business has been placed in minds of local residents as a high-value added business, which used to be deemed as speculative entertainment. There were also philanthropic efforts of them through social interaction channels such as Kangwon Land Welfare Foundation, Contributive Activity Committee, Local Contact Social Service Cops, which were set up for improvement of 4 abandoned mine areas' social welfare and regional cooperation and infrastructure (Kangwon Land 2011).

Perhaps not surprisingly, there are down sides: prevalence of loan sharking; pathological gambling problems; outbreak of individual bankruptcies; rising conflict between locals and visitors; and administrative deficiency of local autonomous entities etc. Very recently, Jan 5, 2013, Christian cleric had a religious worship right in front of casino entrance for the symbolic purpose of healing casino gambling addiction and caused a severe conflict and sue from casino management. The opposition has not died down these shows to protect people from vices. By the way it has never been recent for KL casino to deal with anti-casino acts and voices (Hong, 2013).

Singapore

The idea of a casino was first raised by former Trade and Industry minister George Yeo during the Goh Chok Tong premiership. But at that time, the cabinet ministers had strongly opposed such an initiative. Later in 1994, when Lee Hsien Loong became prime minister the proposal was given a second consideration. Despite strong opposition from within the government and social institutions and people, the government went ahead with the project to transform the tourism landscape taking it to a higher ground with the goal to increase tourism receipts from about \$10 billion in 1995 to \$30 billion in 2015. Singapore was steadily losing its attractiveness as a

tourist destination, while there was an increasing trend where major cities were re-making themselves or creating buzz through major events.

Economy - Tourism

The Straits Times (2010) on 27 January reads, "MARINA Bay Sands finally secured its casino licence yesterday, barely 24 hours before its Phase 1 opening at 3.18pm today." In 2007, Shanghai overtook Singapore as the busiest cargo port (Business Monitor International 2009). Marina Bay Sands (estimated \$3.8 billion) and the Sentosa World Resorts (\$ not available) started construction in 2007 - 2009.

The goal was to transform a state with saturated tourism landscape with something that would create a new buzz in a city that has almost become devoid of developing the next new superstructure that marvel the world like Dubai has been doing with Al Jumeirah. A review of Singapore's attractions would attest to the yearning for something that would be buzzing. The Jurong Bird Park and the Singapore Zoological gardens had reached saturated point where it has not undergone much change for the last 10-30 years. Orchard Road, the heart of the city's shopping belt have had not reached the high-end market much before the 2000. The Tang Dynasty (1992-1999) theme park had a short reign too as an attraction of Chinese heritage. The island of Sentosa had experienced the failure of a number of attractions such as the Fantasy Island water theme park (1994-2002), The Volcanoland (1998-2004/5) and a sleepy Kampong theme park which had all vanished due to declining tourists' interest and hefty admission charges in the case of Fantasy Islands - there were several accidents and deaths.

One of Singapore's newer attractions the Theatres on the Bay was iconic but that was all, despite occasional international concerts and performances. Besides the Suntec City convention centre Singapore had other smaller attractions but none that could be considered iconic of Singapore's and as star attractions. Those attractions that had failed are discussed less in public discourse. Though the city state actively promotes itself as a leading Southeast Asian destination and a hub to the rest of the region, it still faced stiff competition from Bangkok, Kuala Lumpur and Hong Kong in terms of number of arrivals and key attractions.

The introduction of the numerous attractions and their subsequent failures reflects the city state's foray into tourism innovations and on the constant process of seeking new initiatives. By the Tourism Area Life Cycle model (Butler 1980), Singapore could be considered on the constant edge of consolidating its tourism resources and seeking new possibility curves to increase tourists arrivals and add receipts to the GDP.

Economy - Employment & Investments

The tourism sector added an estimated S\$3.2 billion into Singapore's GDP in 2003 (Singapore Department of statistics). This was significantly lower than S\$4.2 billion in 2001 (Yang, 2003). The Tourism Plan 21 Vision presented around the same time intended to project Singapore to be a Tourism Capital of East Asia and to be a leading

hub for Southeast Asia. It also had other thematic designs for local attractions and the remaking of some of them (Singapore Tourism Board).

Employment was hit hard in the 1997/98 and again in 2001-2003. Finally the government decided in 2005 to package the casino into a concept development called "Integrated Resorts." The first time the issue of the casino was considered in 1985 when Singapore was in a recession. Then Prime Minister Goh Chok Tong had turned it down as a way out. In 2002, and Economic Review Committee set up to recommend ways to grow the economy also put forth the idea of Singapore having a casino. Finally, in 2004, the government moved ahead to call for a study that would examine all the benefits and challenges including a feasibility study to possibly locate the casino on Sentosa Island less than half a mile from Singapore mainland joined only by a bridge and another on the reclaimed land earmarked for the expansion of the city's financial district. In retrospect, tourism in Singapore was not moving in tandem with the growth of other industry sectors. In 1993, tourism receipts contributed US\$9.12 billion but by 2002, it had fallen to US\$7.58 billion reducing tourism share of the GDP contribution from 6% to 3% (Lim, 2005). Another yawning factor giving rationale to the development of MBS is the fact that many Singaporeans travel overseas for gambling and spend an estimated US\$1.2 billion a year (Prystay and Sanders, 2005).

Social - Religious and Moral Ethos

The very Singaporean term Integrated Resorts was created to mask the bigger purpose of establishing casinos. This is a clever way to pacify the forces within society and on hindsight, the extra convention, shopping, museum and dining facilities, theatres and attractions have well encapsulated and attracted ordinary Singaporeans to wonder the premises for photo-shoots and window shopping. Indeed this concept of Integrated Resorts emphasizes gaming and fun place to visit rather than gambling.

Many in the Malay community had opposed the idea of having a casino as a major attraction. They feared that the community's moral and religious fabric might be threatened and many would indeed feel unhappy if the government went ahead with the project (Yaccob, 2005). Nevertheless, in a debate on this issue in 2005, the Minister-in-Charge of the Muslim minority took the high ground that the Malays are also practical and took the nation's interest as a whole rather than see the project as a marker to be opposed by the community for self-interest (Yaccob, 2005).

As one of the safest destinations where crime is low and a very low incidence of cases of bankruptcies due to gambling habits, the concern that the IR would have a deteriorating impact was also a major contention. Wong's (2005) speech to parliament clearly expresses as in speeches and statements made by others in government strong reservations about moving forward with the IR. The imposition of a levy on Singapore citizens and permanent residents is \$100 for 24 hours and \$2000 for yearly based admissions is expected to act as a deterrent. But despite this, the levies in total for 2011 amounted to about \$130 million (Lee, 2011). Members of parliament within the ruling party and other civic groups continue to oppose the expansion or multiplication of similar integrated resorts in Singapore (Lee, 2011). Singapore recognizes the

exponential growth potential of the Chinese travel market and the link to Singapore's IR and revenue generation.

Comparative Perspectives

Economic perspective

As examined by Cunha (2010), there have been sort of changes driven by technology and economic necessity that have at once excited and unsettled its citizens since the late 1990s. Singapore reviewed various potential consequences in order to "remake" itself and stay relevant in a highly competitive, globalized world. The April 2005 announcement, that Singapore would allow two casinos as part of "integrated resorts", seemed like one such initiative as a name of "remaking Singapore" to cushion the domestic economy from the deleterious effects of latent economic downturn visualized by external factors (Cunha, 2010 and Kurlantzick, 2007).

Singapore eventually favoured Genting Group and Las Vegas Sands Corporation using the key advantage of geographical location. Casinos within two integrated resorts, the other being Sentosa World Resorts, are deemed as the logical and emphatic answer. There is nothing quite like a panacea to boost economy, which simultaneously draws the interest and innate greed of people, just like bees drawn to a honeycomb (Cunha, 2010). The prolonged wrangling on legalizing initially started off in 1985 came to a conclusion of megatrend in global tourism towards integrated resorts.

As of 1989 when Coal Mining Industry Rationalization Policy was came up with by the Korean government due to the change of energy consumption structure caused by drastic industrialization, in other words, inefficient-mine-abandonment policy had been extensively enforced throughout the regions producing the majority. Regional economy had been drastically declining so therefore, in order to shed the light on the gloom and doom, a specific complete change needed to be made.

Casino establishment as a solution to revive the regional economy was on the storm-center on controversy between for-and-against voices of people and social institutions by the advent of Gohan-Sabuk Regional Revival Opportunity Committee which was formed in Dec. 7, 1994. After all, the Coal Industry Promotion Board that had been set up to realign redundant coal-mining pits was renamed as a central organization changing the tourism landscape in Apr 21 1997, Korea when is called "the Era of IMF" by unopposed agreement of political proponents and opponents.

Singapore government realized the necessity and benefits of duopoly ownership that came from foreign investment whereas the KLC has a characteristic of monopoly from the market perspective. Since 1967 when the first casino-business emerged in Confucian-based conservative society where the gambling industry was deemed as shady spot even though the gambling forms of business were taking significant role to financially contribute in public sectors. There have been 16 casinos competing for limited inbound high and low-end players in Korea since they are statutorily foreigner exclusive casinos.

To enter Kangwon Land casino, everyone must pay KRW 5,000 (approximate USD 5) for a 24-hour levy which amount is affordable for a cup of coffee whereby it abides by ordinance of a the National Gambling Control Commission (The National Gambling Control Commission). The levy has come from three categories in taxation: special excise tax, education tax, value-added tax and a little bit from the casino.

It obviously looks like a quite good offer compared to those Singapore nationals and Permanent Residents were allowed upon paying USD81 entrance fee for each 24-hour visit (or a flat USD1615 annually) to the casino in MBS. The government compels Marina Bay Sands to levy on Singaporeans and PRs to discourage them from visiting the casinos, may be significant deterrence to some but may be not to others. For SGD 100, some gamblers would likely take it for granted as nationals living in a city-state that is well-known for law's rigorousness; nonetheless, USD81 simultaneously could be a reason determining whether or not to go. They would carry greater deterrent value and make people have deep thoughts before deciding to set foot in the gaming halls (Cunha, 2010). Levy charged for Singaporeans and Singapore PRs have been directly vested in the Singapore government.

Social perspective

When the Singapore Government first floated the idea of legalizing casino gambling in city-state after a longstanding ban, the initial reaction of a number of observers - in both private and public sectors - was one of considerable surprise. Prime Minister Lee made the following remarks about Singaporeans' gambling mindset: "Maybe it's that other part of our cultural DNA which you have to manage. But at the same time you have to recognize its part of human nature and you are not going to be able to eliminate it.

Casino-like business takes 50% of world gaming industry and the shared amounts are estimated equivalent to 500 billion US dollars. The growth of Asia casino market is currently in scale of 40 billion US dollars and the capacity will be increasing up to approximately 63 billion US dollars at the point of 2014 (Kangwon Land 2011). Casino has been a significant driving force in tourism industry for a long time. Since international casino industry has been consistently growing, expansion of casino emergence in Asia-Pacific regions is being forecasted with Macau as the center. The rise of interest in casinos, Asia wide is quite telling of the tourism industry's trend in the late 1990s onwards. Taiwan is considering Singapore style Integrated Resorts (Ou, 2012).

Unit: Million US dollars

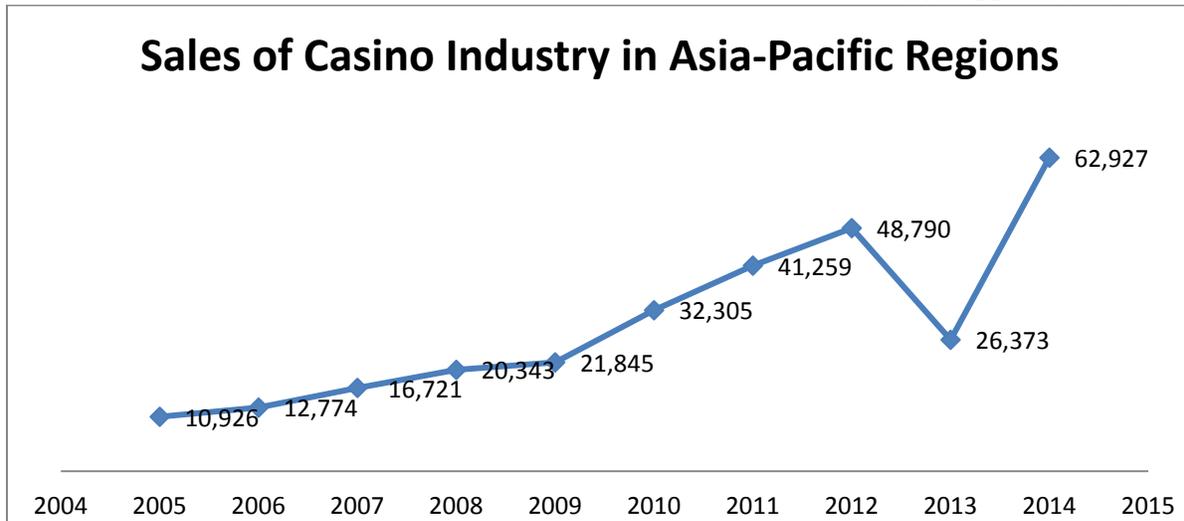


Figure: Sales of Casino Industry in Asia-Pacific Regions

Source: (2011 Kangwon Land Casino Medium and Long-term Strategies Report)

Clearly, Asia was seeing an interest in developing and legalizing casinos to help improve their economic situations. From Japan to India, there were many leaders discussing such a possibility. The historic tremendous tragedy, Tsunami not only swept through the regions but also questioned the possibility of enforcement on long-term economic plans including legalizing casino establishment.

One Japanese legislator from the New Komeito Party, Shigeki Sato said "The casino business is a must-have element for Japan to shine as a global tourist destination" (Nagano 2010). After the long debate over 2 years, the ruling party announced legalization of casino operation on a prerequisite of stern supervision by the government in January, 2008 (Kangwon Land 2011). The national mega project which is mainly based on private investment capital aims to minimize the cash-leakage to overseas gambling and rejuvenate stagnated economy of Japan. In a new economic drive, Macau transformed from monopoly system to gaming liberalization since it was returned back to the Chinese government in 1999. According to DICJ (Gaming Inspection and Coordination Bureau), the gaming tax generated in 2009 was estimated to be exceeding 70 per cent of the Macao Special Administrative Region's total fiscal revenue. Also, Macau's gross gaming revenue has outperformed that of Las Vegas Strip (Macau Gaming History, 2013). Almost 84.2% of inbound players are Chinese in turn, the sales' reliance to domestic capital is considered undeniable (Kangwon Land 2011).

In the Philippines, 14 state-run casinos that directly belong to PAGCOR (Philippine Amusement and Gaming Corporation) and 5 publicized casinos have been operated under oversight of government. Conglomerate casino resorts like Bagong Nayon Pilipino-Entertainment City Manila and Resort World Manila were born by a way of private investment (Kangwon Land 2011). Vietnam, Laos, Thailand were all

considering establishing a gaming industry in the scale never seen before in their country.

Singapore has a larger global objective that is to be a prime gambling and shopping destination in Asia whereas the Kangwan Land draws on a more parochial projection targeting the domestic market. The investments in Singapore are mainly from overseas given the fact that Singapore does not have that many local business experiences in casino. Only Resorts World Sentosa, Singapore has a local and Malaysian partner. KLC is a domestic investor given the experience of 16 casinos, its little wonder that the S. Korean enterprise is purely local with a private company Kangwon Land Inc. and the government co-sharing in the investment.

The concept of IR is an ingenious term invented by Singapore to mask the existence of casino as the main attractions. In fact it is interesting to note that the name for each of the attractions - Kangwon Land Casino and Marina Bay Sands, in itself is telling that while the former is direct about its main purpose of establishment while the latter carries no mention of casino in its name but is largely called an Integrated Resort. In fact, opening the official websites of both clearly indicates that the Kangwon Land Casino targets gamblers. The Marina Bay Sands on the other hand in its home page has zero indication that there is a casino in the premises. Built with the same purposes but to different projections. The KLC however has over the years since its inception have added a number of new attractions and now could be considered as an integrated resorts the euphemistic term Singapore uses. Skye slopes and a golf course adorn the KLC in part to attract families. Attracting more than 10,000 Koreans a day from all over the country while the casino's actual capacity is only 2000 (Kim, 2012).

This study also shows what it means and the challenges faced by the different society through the historical specificity analysis. Both destinations though are mostly of people holding steadfast Confucian values, had eventually been 'muscled' or 'brain-washed' to give in to establish the casinos as an economic necessity. In the end, the concept of Strong States and Weak Societies aptly describes the final implementation of the drawing board for a casino in each of the Asian states despite strong opposition some of which in the case of Korea expressed in actual street protests. Popov (2012) gives credence to the idea that only strong states with the capacity to implement policies will enable the economy to transit. He compared how the gradual market reforms in China and shock capitalist reforms in Vietnam are the results of strong authoritarian regimes while economic reforms under Gorbachev and Yeltsin deviated from this pattern precisely because of weak social and political institutions. Ultimately, the economic imperative of the times was the rationale and premise in which the case was laid to set the KLC and MBS. And in the case of Singapore and South Korea, there were strong governments and social institutions to superimpose such a large scale project as well as one that would be easily opposed by a conservative-confucianistic-religious population.

Conclusion

The fact that two largely conservative but progressive states enabled themselves to introduce a casino in the midst of an economic crisis or as a case to rejuvenate the

economy is revealing about the societies themselves. The people have shown resilience in the face of economic stressors and are willing to accept any consequences that may emerge from the development of the KLC and the MBS. Recessions are not just a systemic change in the economic cycle, they are always often interconnected to the people, product and place. Where a place is able to absorb those shocks and the people are able to reinvent themselves either with a new product or change their values to accepting products previously inconceivable, we can safely consider that that society is indeed resilient and dynamic.

Social Inertia

While there was an inertia that almost 40,000 Singaporeans would be addicted or somewhat affected by gambling, voices within the ruling Peoples Action Party sought a referendum on the issue, and at least one group garnering 29,000 signatures opposing the project in a land where ordinary people's voices are rarely heard, the casino was built anyway (Prystay and Sanders, 2005). It was indeed a risk the state was prepared to take in favor of employment and creating an upward dent in the economy. While this same risk was not at first conceived as an issue in the speed and necessity in which the Kangwon Land was built it was only later that steps were taken to rectify and put in place social institutions to help problematic gamblers. The locals in the Kangwon Land had in due course come to a consensus for the need of a casino to uplift their community.

Who would ever have thought that in a recession or subsequent to that thereafter, a casino would do miracles in reinvigorating the economy? Even Las Vegas the Sin City did not escape recession from 2007 onwards (Green, 2009 and Schulz, 2009). While global forces were acting on a trend for the emergence of casinos in Asia, South Korea and Singapore had built theirs on the premise of economic necessity bracketed by a series of recessions. Social forces played a key role in both societies' at times preventing the emergence of both Kangwon Land Casino and Marina Bay Sands but ultimately, reason and rational triumphed over moral and social issues. But this did not mean that those latter issues were completely ignored. In fact, both states allocate resources to create safety nets to prevent and limit the negative impacts of the two casinos. The narrative of economic successes and pacification of elements of the society through these turnkey projects is not really the usual way where economic restructuring and shock therapy by monetary policies takes place. The primary plot of these Asian comparative is ways in which global forces created local realities and strong state institutions were able to respond drastically shifting the eco-social paradigm by introducing a 'sin' activity as an economic tool to rejuvenate the economy.

It is interesting to note that abandoned coal mine residents of Kangwon Land are keenly alert to any moves by the state to restrict regulations or attempts to de-monopolize the casino. Instead of holding the moral grounds, they would fiercely oppose policy threats to limit Koreans to the attractions (Kim, 2012). Not for altruistic reasons but to ensure that the revenue gained from the casino activity continues to be channeled to the development and improvement of their community. Over 800 billion won goes to the community as a development aid (Kim, 2012). Singaporeans on the other hand have mellowed down and continue to bank on the state to regulate the

casinos. There is not much discussion how the taking from the taxes of casinos is shared amongst the Singaporean populace. Perhaps the way the two casinos had originated explains this pattern. The KLC was a local resident initiative with government support whereas the MBS is a purely government initiative though the intentions were similar but the way in which the revenue is redistributed is different. Singapore in part is a small island state and MBS was built on reclaimed land which did not affect residents in the clearings and construction process except for the inconveniences of nearby businesses.

To date, the KLC has attracted quite a number of expressed interests by foreign investors to set-up integrated resorts in the Korean peninsula but the only hindrance to that move is exclusion of resident participation in casinos other than KLC which is due to expire only in 2025. Caesars Entertainment, Okada Holdings, MGM Resorts International, Wynn Resorts and Las Vegas Sands have all expressed interest (Kim 2012). Singapore on the hand is considering repositioning by its third and luxurious casino possibly on the Southern Islands (Sim, 2007 and Tor, 2007).

Betting on Culture

The real economics of this recession and recovery attempts in both instances lies not in the development in itself. But more importantly, it can be gleaned from a Keynesian perspective that the government-private sector investment combined with a favorable cultural composition continues to buoy these two casino's success stories up to now. While the economics model of injecting investments during recessions is a well known perspective, the opportunities culture offers is less of an explored topic in the study of recessions and economics. Confucian culture has also often been attributed to the success of a disciplined labour force where meritocracy, importance of group and self-improvement contributed to a conducive culture to the growth of many of the Asian economies (Sung and Heo, 2008). In this research, the large interest of Asians to gamble is an economic opportunity not taken lightly. The propensity to gamble and attempt to win it big or just simply for the pleasure of trying one's luck is at the base of many of the East Asian societies though this is not exclusively an Asian phenomenon. Therefore, if we were to pass beyond Confucian values and investment as points of thought on economics and recovery, and reflect on cultural habits such as gambling as a new proposition when discussing issues of recession and recovery in the context of developing Integrated Resorts. It is evident that cultural habits play significant roles in business opportunities and this has an implication in economics.

Recessions while can be a turning point for states to either add resources to become stronger when the turnaround sets in or it can retract those resources and wait for the turnaround. While the former is a smart strategy and the latter is a risky approach, the KLC and MBS clearly illustrate a tipping point in reinventing a city or economic landscape with not just a throw of the dice but also daring to do against all social odds for the sake of reviving the economy. In both cases, the KLC and MBS were borne out of a transformational recession. This study provides lessons on managing recessions in a challenging social environment. The question now is would these attractions withstand or contribute to a stronger economy when the next recession hits both societies?

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