

〔論 説〕

Casino in Japan?

—The Path Towards Catastrophe—

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There has been a debate over casinos in Japan for some 20 years. Formally, gambling is prohibited by the criminal law act 186 and 187. In spite of the prohibition, there is over 2 trillion Japanese yen industry which provides slot-like gaming 'Pachinko'⁽¹⁾. Recently, there was a major change in Japanese gambling history. The legislation in 2016 made Japan to be able to have 3 legal casinos. Here, I will summarize the law making process and illustrate the issue Japan must face.

In 1999, The governor of Tokyo city Shintaro Ishihara stated the city could have a casino in bay area. Later, it turned out that casinos will be still prohibited under the criminal law, even if the regulation of Tokyo city had changed. Japan was experiencing the long recession then. The Casinos were expected to be the breakthrough of the economy. In 2001, 'the Committee Concerning Public Casino' was formed in LDP (Liberal Democratic Party), later the committee changed its name to 'the Committee Concerning Casino and International Sight-seeing Business'. In December 2002, the committee was integrated into 'the Committee Concerning Casinos as International Sight-seeing Business'. Also, Democratic Party had 'Study Group of Democratic Party Healthy Development of International Sight-seeing Business'.⁽²⁾

The union of the Diet members was formed in 2010 to construct the IR (integrated resorts) including casinos. The union's members were from both LDP and the opposites parties. The union is called IR Giren. Their aim was to encourage both the local governments' and private sectors' economic development. The primary goal was to legalize casinos.

In 2013, the first draft was submitted to the Diet by members. Though the law was scrapped once because of the dissolution and following election of the lower house, it was submitted again in 2014. The legislation was in the 2016. Opponents to casinos criticize ruling parties spending too little time discussing downsides of casinos.

The law, though, only allow 3 gambling facilities as exception of the criminal law in Japan. They have to state detailed bylaws. The amendments require the law review after 7 years from the legislation. This means there would be more than 3 casinos in Japan in the future.

At the time the law was passed, many newspapers and surveys were against legalization of casinos.⁽³⁾ The opponents' concerns were about security of the area, money laundering, and increase of gambling addicts. Japan has already had huge gaming industries which cause many people with gambling problems. Government

sponsored gambling such as horse racing, bicycles, boats, TOTO and so on are regarded as 'legal' gaming in Japan. A research funded by the Ministry of Health, Labor and Welfare shows 5.5 million people suffered from gambling addiction solely because of the 'legal' gaming called Pachinko and Pachislo.⁽⁴⁾ The 'Pachinko' is still legal because of what is called the third-stores-system. The system works as follows. The 'Pachinko' facilities offer customers medals. The third party store exchange medals into real money. The two stores are regarded as 'independent' from each other, so 'Pachinko's customers are not gambling for money.

There are significant risks of applying technologies of 'Pachinko' to casinos. One is Japanese patent No.3029582⁽⁵⁾ which uses subliminal effects by showing gamblers flushes of images of jackpots to continue gambling. This patent's holder is a 'Pachinko' pinball machines maker Fuji. Another risk is Omron's patent (JP4951995B2)⁽⁶⁾ for face identification. By remembering gamblers' faces, the House can control 'beginner's luck' or 'small jackpots' to encourage gamblers to coming back to casinos even though they are losing money.

In April 2018, the bylaws' enactment draft was admitted by the cabinet, and submitted to the Diet. The law itself was submitted by the Diet members, but this time, the bylaws was submitted by the cabinet. First, the government side (LDP and the new Komei party) decided to regulate over casino entries of Japanese citizens. There is no limit of visits to casino for foreign people, but for the Japanese citizens' visits will be limited to 3 times in a week, 10 times in 28 days. Also, they need to pay 6000 yen as an entry fee. The fee was slightly inexpensive compared to that of Singapore. The Prime Minister Shinzo Abe stated earlier that the fee had to be 'the world most expensive', he is facing the criticism over the inexpensive fee.

Although the fee was criticized as too inexpensive, the fee itself is considered as a problem for gamblers. Gamblers will try to win bigger than the entry fee and once they enter casino, they would try to stay long because of the limitation of visits.⁽⁷⁾

The next step for legal casino is to pass the bylaws in the Diet. The path is regarded to be tough because of the voices of the opponents and the political turmoil caused by the corruption of the cabinet doubts and a sexual harassment allegation by the top official of the Ministry of Finance.

The local debates over casinos could be fierce. Osaka, one of the strong candidates of the IR including a casino, faces the strong opposition from the gamblers and their families. Yokohama, also a candidate, is now facing the opposition from the powerful leaders governing the bay area.⁽⁸⁾ The leaders of private sectors in Yokohama require IR facilities without a casino. Concerning the fact that a casino benefits are over 40% of the total IR gains, the IR without a casino is unrealistic. Consequently Yokohama is no longer regarded as a candidate city. Osaka, Hokkaido, Wakayama, Nagasaki prefectures were reported as the candidates.⁽⁹⁾

Japan will have to decide to have casinos which enable Japanese citizens to gamble

or to abandon the idea of having IR facilities at all. Either way, there will be enormous costs. The biggest cost is the increase of patients with gambling problems.

Casinos are gambling addicts' factories. There are no clock, nor window, so that gamblers lose track of time. In most cases, alcohol is offered flawlessly for almost free of charge, so they become bolder when gambling. Loud music and sound of jackpots are the other booster.

The gambling addiction is a disease. It is defined by American Psychiatric Association in DSM-5 (Diagnostic and Statistical Manual of Mental Disorders ver.5).

Gambling Disorder is defined as follows;

A Persistent and recurrent problematic gambling behavior leading to clinically significant impatient or distress, as indicated by the individual exhibiting four (or more) of the following in a 12-month period:

- a. Needs to gamble with increasing amounts of money in order to achieve the desired excitement.
- b. Is restless or irritable when attempting to cut down or stop gambling.
- c. Has made repeated unsuccessful efforts to control, cut back, or stop gambling.
- d. Is often preoccupied with gambling (e.g. having persistent thoughts of reliving past gambling experiences, handicapping or planning the next venture, thinking of ways to get money with which to gamble).
- e. Often gambles when feeling distressed (e.g., helpless, guilty, anxious, depressed).
- f. After losing money gambling, often returns another day to get even ("chasing" one's losses).
- g. Lies to conceal the extent of involvement with gambling.
- h. Has jeopardized or lost a significant relationship, job, educational or career opportunity because of gambling.
- i. Relies on others to provide money to relieve financial situations.

B. The gambling behavior is not better explained by a manic episode.

The other definition is provided by WHO as ICD-10. Here, I will show another common approach by Gamblers Anonymous' 20 questions.

1. Did you ever lose time from work or school due to gambling?
2. Has gambling ever made your home life unhappy?
3. Did gambling affect your reputation?
4. Have you ever felt remorse after gambling?
5. Did you ever gamble to get money with which to pay debts or otherwise solve financial difficulties?
6. Did gambling cause a decrease in your ambition or efficiency?
7. After losing did you feel you must return as soon as possible and win back your losses?
8. After a win did you have a strong urge to return and win more?

9. Did you often gamble until all your money was gone?
10. Did you ever borrow money to finance your gambling?
11. Have you ever sold anything to finance gambling?
12. Were you reluctant to use “gambling money” for normal expenditures?
13. Did gambling make you careless of welfare of yourself or your family?
14. Did you ever gamble longer than you have planned?
15. Have you ever gamble to escape worry, trouble, boredom, loneliness, grief or loss?
16. Have you ever committed, or considered committing, an illegal act to finance gambling?
17. Did gambling cause you to have difficulty in sleeping?
18. Do arguments, disappointments or frustrations create within you an urge to gamble?
19. Did you ever have an urge to celebrate any good fortune by a few hours of gambling?
20. Have you ever considered self-destruction or suicide as a result of your gambling?

Answering to these questions, or knowing the definition of gambling addiction, people with gambling problems realize they need medical help. But the reality in Japan is too far from the ideal understanding of gambling addiction. The Canadian research shows only 6% of people with gambling problems seek for any type of (treatment) service, only 3% seek for medical help. This fact shows how difficult it is to estimate accurate numbers of gambling addicts.

The history of ban on gambling is as old as human cultures. There are evidence which show there were problem gamblers who lost everything in ancient Egypt. In Japan, the Empress Jito prohibited dice gambling in 8th century. Gambling was prohibited in Medieval Edo era and also by pre-WW2 criminal law.

Japanese modern history of treating gambling addiction is immature. In the first stage, addiction treatment started only as alcohol addiction treatments. In 1958, the first sobriety circles were established. In 1981, the Kurihama hospital was established as special treatment center to admit alcoholics.

According to Craig Nakken, there are 3 stages of addiction. The 1st stage is to change the inner self, the 2nd stage is to change their lifestyle, and the 3rd stage is the beginning of falling apart of life.⁽¹⁰⁾

Treatment of addiction has three parts. One is the participation in self-help groups, second is the medication, and the third is regular visits to clinics or hospitals.

As in Singapore, Japan will have to have a support system for gambling addicts. There, there is a telephone hotline active 24 / 7, 365 days. The casino's websites have links for the support system. Unfortunately, Japan lacks the gambling addict specialists comparing to other developed countries. Gamblers Anonymous (GA) has fewer meetings compared to Alcoholics Anonymous (AA) in Japan. One of the reasons could be that the Japanese regard gamblers as losers who lack self-control. On the other hand, the idea of

treatment for people with gambling problems and their families require Japanese society to regard them as patients who need medical help.

The other cost is about the failure of the IR itself. The IR facilities require many international hotels and activities. Take the example of IRs in Singapore. They have theme parks, safari, exquisite restaurants, scenic swimming pools and so on. On the other hand, only one casino is permitted to operate in one IR like in future Japan. The IR won't attract customers if other facilities were lame. Can Osaka become the next Singapore? The Asian market could be considered saturated. Do Asia need another 3 IRs? The international funds could be lifted if the Japanese IRs failed. No matter how Japanese government tries to encourage domestic funds, the foreign investors would dominate the casino economy. The facts shown in the native American casino is horrible. While most Native Americans continue to live in poverty, many non-Indian investors are extracting hundreds of millions of dollars⁽¹¹⁾. The same can be said to Japan. In the future, enormous amount of problem gamblers and deserted constructions would be left behind.

Other aspects are given from economists, as Nobel-Prize winner Paul Samuelson stated in his work, 'there is a substantial economic case to be made against gambling ... it involves simply the sterile transfers of money or goods between individuals, creating no new money or goods. Although it creates no output, gambling does nevertheless absorb time and resources. When pursued beyond the limits of recreation, where the main purpose after all is to "kill time", gambling subtracts from the national income'⁽¹²⁾. By Earl L. Grinols, 'in the long term, most economists believe quantity demanded equals quantity supplied'⁽¹³⁾. After all, gambling business is a zero-sum game. The same could be said about creating jobs. As an example, in New Joursy, when the casino opened, there were 311 taverns and restaurants in the city, nineteen years later, only 66 remained.⁽¹⁴⁾ The work force only shifted from small business to big casino business (which ended up in failure). Killing small business is proven in a thesis by economists James Heintz and Robert Pollin in the University of Massachusetts.⁽¹⁵⁾

Trends in casino revenues in the United States is decreasing from 2000. The growth rate was around 15% in fiscal year 2000, but in 2009, down to -10%. One of the world's largest accounting firms KPMG found gambling to be the most common motivator of frauds.⁽¹⁶⁾

We can also learn from the example of the Kangwon land in Korea. There are 17 casinos in Korea, of which Kangwon Land is the only casino where Korean citizens can gamble. The city is filled with Koreans, but the profit is limited. In the past, Korea had 'Pachinko'-like legal gaming called 'Medal-chigi'. In 2006, the Korean government decided that the 'Medal-chigi' was illegal and shut down all gaming facilities for good. Instead, they had legal casino for Korean citizens, the Kangwon Land. The IR project is now regarded as a failure. The reasons were analyzed as follows. The IR was too far from the international airport and Seoul City (4 hours car ride). The other activities

other than casino were unattractive.

Let's look at the Japanese candidate cities. All cities are far from international airports such as Narita or Kansai International. Inviting many international hotels to the new IRs would be hard because they already have them in center of Tokyo. The candidate sites are too small to have many attractions as Singapore or Las Vegas. Evidence shows that Japanese IRs with casino could become second Kangwon Land.

The third risk (cost) is about lawsuits similar to tobacco. Considering the addictive nature of VGMs (Video Game Gambling Machines) enables people with gambling problems to suit the gaming industries. As the tobacco companies experienced in 1996, the gaming industry could face multi-billion penalties.⁽¹⁷⁾

There are three big cost-factors for Japan to have the IRs described above. One is the risk of the increase of gambling addicts. The other cost is the commercial failure of the IRs themselves and the risk of mega law suits.

No one discourage local governments from developing economically, but we have to be cautious when applying foreign methods to Japan. The Japanese effective pay rate has been decreasing for about three years. Peoples' money at their hands becomes less and less these days. Economical divides is becoming greater these days. Japan cannot afford another failure.

We can look back the 'bubble 'economy through 1980's to early 1990's when huge developments of leisure facilities ended up in failures. Japan had to keep spending the running costs of failed facilities, or to demolish expensive ones.

In the end, there are two major questions to be answered. Can we medically treat more gambling addicts? Can we take risks of IRs' failures? Answering to these questions, we have to gamble at the stakes of future Japanese economy.

endnotes

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Abstract

In this paper, I will illustrate issues surrounding Casinos in Japan. Historically, Japan didn't have a casino, but in 2018, the law was passed in the Diet that enables Japan to have 3 casinos. I look back to see the process of lawmaking. Also, I will show gambling problems now and in the future. Though there are many books and papers which encourage Japan to have casinos for economic reasons, this paper will be the summary of opposite opinions about casinos in Japan.