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## Nutmeg State's casino woes

AS I SEE IT

By Robert Steele

**Top Massachusetts officials appear unfazed  
by Connecticut's casino meltdown**

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**A**tlantic City's casino implosion is coming at an awkward time for those promoting casinos for Massachusetts. Bay State voters needn't look as far afield as New Jersey, however, to wonder whether this is a good time to be bringing casinos to the Commonwealth. All they have to do is look at Connecticut.

Opened in the 1990s, Connecticut's two mega-casinos, Foxwoods and Mohegan Sun, got off to spectacular starts. With no competition other than in Atlantic City, they quickly became the two biggest and most profitable casinos on the planet, drawing over half their combined customers from out of state, creating 20,000 casino jobs, and sending hundreds of millions of dollars a year to the state treasury.

The casinos' initial success helped cushion the blow from declining defense jobs, but the casinos' fortunes have been steadily declining for the last seven years, and we in Connecticut have been learning more and more about the downside of bringing casinos into the state.

For starters, the casinos have created a pervasive gambling culture in southeastern Connecticut. They've skewed the region's economy heavily toward low-wage service jobs, taken billions of dollars from consumers that would have gone to other goods and services, and resulted in a sharp spike in the number of Connecticut residents seeking treatment for gambling addiction. According to a 2009 state-sponsored study, there had been a 400 percent increase in arrests for embezzlement in Connecticut since the casinos opened, a rate of increase 10 times the national average.

Moreover, there is little evidence that the casinos have improved the state's long-term economic health. The state receives 25 percent of the casinos' slots revenue, which has provided it with more than \$6.5 billion. Yet Connecticut today is in the worst financial

shape in its history, with the highest debt and unfunded liabilities as a percentage of state GDP of any state in the country, according to Barron's financial weekly. Nor have the casinos stimulated spillover economic growth in Connecticut, which has repeatedly finished dead last nationally in job creation since the casinos opened.

As Las Vegas's Steve Wynn told business owners in Bridgeport when he was trying to build a casino there: "There's no reason on earth for any of you to expect that just because people (come to my casino) they're going to run into your restaurants and stores."

Despite the negatives, the conventional wisdom has been that the casinos have been a net economic plus for Connecticut because of the jobs they've provided and the out-of-state gambling money they've attracted. Now, however, the jobs and out-of-state money are increasingly disappearing as the Northeast becomes saturated with casinos.

When Foxwoods opened, there were only ten other casinos in the 12 states comprising the Northeast, all of them 250 miles away in Atlantic City. Today, there are 57 and the number could easily go to 77 based on those under consideration.

As a result of growing competition—particularly from Rhode Island's Twin River Casino and the slots casinos at Aqueduct and Yonkers racetracks in New York—Foxwoods' and Mohegan Sun's combined annual slot revenue has already fallen 34 percent from its peak, with the state's share dropping from \$430 million to under \$290 million today. The casinos are laying off workers and increasingly replacing full-time jobs with part-time jobs in order to reduce wage costs and eliminate medical benefits, while Foxwoods has halted profit-sharing payments to its tribal owners and defaulted on a half billion dollars of debt.

Top Massachusetts officials appear unfazed by Connecticut's casino meltdown. The Commonwealth's casino plan, they insist, will attract billions of dollars in out-of-state gambling money, revive ailing cities, create 10,000 "high quality," permanent jobs, guarantee a continuous stream of money to needy municipalities, and strengthen the state's finances. And, most remarkably, the plan will set aside enough revenue to "mitigate" the social and public health costs that will inevitably result from encouraging hundreds of thousands of Massachusetts residents who do not currently gamble to do so.

Based on Connecticut's experience, one can only marvel at their confidence.

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