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Wrong Focus: Rushing To Help Casinos While Letting GE Walk

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By **ROBERT STEELE, TONY HWANG**

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Kevin Brown, left, chairman of the Mohegan Tribal Council, and Rodney Butler, chairman of the Mashantucket Pequot Tribal Council host a historic signing ceremony on Sept. 10 to formalize their proposed joint casino venture north of Hartford. (Lauren Schneiderman / Hartford Courant)

Anyone interested in Connecticut's future should be deeply concerned about the way Democratic legislative leaders handled the **General Electric Co.** fiasco as opposed to their all-out effort to preserve Connecticut's casino industry by expanding casino gambling in the state.

Despite strong evidence to the contrary, House and Senate leaders did their best to deny that the state's poor business climate, massive tax increases, yawning deficits and uncertain budgeting process influenced GE's decision to move its headquarters to Boston. They were unresponsive to GE's concerns. They did next to nothing to encourage the kind of full-court diplomatic and economic press Boston put on to snag

the company and, in the end, expressed a sense of fatalism that it was simply impossible to stop GE from leaving given its desire to be in a higher-tech and urban environment.

That may or may not be true. But the extent to which Connecticut's political leadership lost touch with GE and didn't put up a more vigorous fight to keep it represents a monumental failure. GE is not just another corporation. It is one of the world's largest and most innovative companies, with leading positions in industries of the future, including alternative energy, medical equipment and transportation.

Contrast the legislative leadership's response to the GE situation with the way it has rushed to help Foxwoods Resort Casino and the Mohegan Sun casino defend themselves against mounting competition and the loss of casino revenue and jobs. Legislative leaders have met repeatedly with the casinos' tribal owners to discuss their needs, ease regulation and coordinate strategy. They are strongly supporting the tribes' efforts to open a casino in the Hartford area to try to counter the MGM casino being built in Springfield.

The contrast is all the greater considering the fact that, unlike GE, casinos are a declining business in Connecticut because of growing regional oversaturation. The combined revenue for the state's two casinos is down 40 percent from its peak. They've eliminated more than 8,000 casino jobs and have been replacing full-time jobs with part-time jobs to reduce wage costs and eliminate medical benefits. Foxwoods is mired in debt.

The story is similar elsewhere, with growing competition cutting into casino profits in more and more states. Delaware has had to put millions of dollars toward bailing out its three casinos. New Jersey has spent hundreds of millions trying to prop up its casinos, only to see a third of them close in the last two years and revenues plummet by 50 percent from their high. Casinos in Maine and Pennsylvania are seeking tax relief because of disappointing earnings, while casino revenue in Maryland, Ohio and even at Massachusetts' new Plainridge slots casino are some 40 percent below projections.



On Wednesday, General Electric, one of the world's largest and wealthiest companies, announced that it is moving its headquarters from Fairfield to Boston. This is why it matters.

Moreover, Connecticut's casino boom was fueled primarily by out-of-state customers who brought new money into the state. But with out-of-staters increasingly gambling at new casinos in their own states, Foxwoods and Mohegan Sun are becoming increasingly dependent on the gambling losses of Connecticut residents, which economists point out merely transfers money within the state without creating any net new economic growth. The proposed Hartford area "convenience" casino would do nothing to bring disappearing out-of-state gamblers back, but would encourage many current Connecticut gamblers to gamble more frequently and attract local people who do not currently gamble to do so.

Finally, unlike GE and other businesses that contribute to economic growth, casinos leave a tangle of serious and costly social problems in their wake, including addiction, debt, broken families and crime. The New York Times recently described casinos as "instruments of blight — blighted neighborhoods, the blighted lives of problem gamblers and the blighted politics of elected officials who can't, or won't, find a better path to economic development."

It's time our state government begins to get serious about making the structural changes necessary to attract and keep productive business and begins to look at instruments other than gambling for moving Connecticut forward.

Robert Steele of Essex was a Republican U.S. representative from eastern Connecticut from 1970 to 1974 and is the author of "The Curse: Big-Time Gambling's Seduction of a Small New England Town." State Sen. Tony Hwang, R-Fairfield, is an assistant Senate minority leader.