

Atlantic City, New Jersey casino to close, sign of worsening US jobs crisis

By Philip Guelpa
14 July 2014

In another sign of the weakness of the real economy, the owners of the Trump Plaza resort casino in Atlantic City, New Jersey announced on Saturday that it would close in September, laying off approximately 1,000 workers. This is only the latest in a series of closings this year in the oceanside city with an economy overwhelmingly based on gambling resorts.

Since January, three other casinos either have closed or announced plans to do so, including the Atlantic Club, the Showboat, which is one of the city's largest, and the Revel, the city's newest. At the beginning of the year, Atlantic City had 12 casinos. With this latest announcement, that total will have been reduced by a third and its workforce by one quarter in less than nine months.

Reports indicate that Trump Plaza has suffered a severe reduction in revenue. State data reveals that the resort casino had booked less than half of its rooms during the first quarter of the year and had the lowest gaming income of any of the city's establishments in May. Year to date, its revenues are down 27 percent from the same period last year. As the closures of the three other casinos demonstrate, the decline of this facility is not an isolated case, but signals a broader trend.

Trump Plaza was opened in May 1984 at a cost of \$210 million. It was one of billionaire Donald Trump's pet projects. He has since drastically reduced his financial holdings in casinos, indicating the precarious nature of such investments. Attempts to sell Trump Plaza have so far been unsuccessful.

Atlantic City had for decades been the second largest gambling center in the United States after resorts in the state of Nevada, including Las Vegas and Reno. It is sometimes called the "Gambling Capital of the East Coast."

With a peak total of 12 casinos, some in the industry have expressed the opinion that the city was "overbuilt." Eleven casinos have opened in Atlantic City since 1978, the latest, Revel, only two years ago. Caesars Entertainment, which is the world's largest casino company and owns a total of four such establishments in the city, announced closure of the Showboat, which is still in the black, in order to consolidate its operations and boost profits. Earlier, Caesars and another company, Tropicana Entertainment, combined to purchase the bankrupt Atlantic Club, divide its assets and shut it down.

The closure of four casinos in Atlantic City will have a disastrous effect on the city's workforce. In addition to the more than 1,000 employees who will lose their jobs at Trump Plaza, 1,600 were laid off from the Atlantic Club, 2,100 will be let go when the Showboat shuts down at the end of August, and 3,100 will be on the street if the Revel closes—a grand total of approximately 7,800 workers. In 2011, the casinos employed a total of 33,000.

Atlantic City has a population of less than 40,000. Although not all of the casino workers live within the city itself, this substantial loss of jobs will have a devastating impact on the city and its surrounding communities. The fact that workers have been dependent on the gambling industry for jobs in recent decades is another sign of the decay of the US economy and the destruction of decent-paying employment.

The response of Local 54 of the Unite-HERE union, which represents casino workers, was merely to call for state intervention. Bob McDevitt, local union president, said in reaction to the layoffs at Trump and other casinos, "While this is a personal tragedy for every family involved, it is also a crisis for the state. We

expect Trenton [the New Jersey state capital] to react with more than just sympathetic sound bites; we demand action equal to the magnitude of this pending catastrophe.”

As with Detroit and other cities facing economic devastation, such appeals are in vain. The capitalist vultures will extract as much profit as they can and then pick apart the remaining carcass, regardless of the effects on the working class population. Assemblyman Vincent Mazzeo, the Democrat who represents Atlantic City in the state legislature, commented, “It’s a done deal ... you’ll have 6,000-8,000 people who will now be unemployed.”

Atlantic City has suffered in recent years due to increased competition from adjoining states, including Pennsylvania and Maryland. Now, despite the sharp decline of gaming in New Jersey, New York State, under Democratic governor Andrew Cuomo, has recently approved a massive expansion of casino gambling, promoted as a major new source of revenue. Proposals for new facilities across the state are now being reviewed.

At a time when the living standards of the great majority of the population are under severe assault, billionaire investors are seeking yet another mechanism to extract wealth from the working class. As the example of Atlantic City demonstrates, however, while the construction of these new resorts may reap an initial windfall for the developers, the long-term prospects are poor. The reality of the ever-deepening economic crisis means that workers are struggling to acquire the basic necessities, and have little left over for “entertainment.”

The conventional wisdom is that gambling is recession-proof. Supposedly, no matter how bad things get, people will always be attracted by the prospect of quick winnings that would dramatically improve their lives, no matter how illusory that possibility may be. However, the dramatic downturn in Atlantic City highlights the profundity of the crisis in the real economy—a marked decrease in disposable income for the US population.

New Jersey is one of the most economically polarized states in the US. In the shadow of Wall Street, all of its major cities, among them Newark, Paterson and Camden, are plagued by poverty rates greater than 30 percent. Atlantic City and other smaller urban areas in

the state are equally afflicted.

To contact the WSWWS and the
Socialist Equality Party visit:

<http://www.wsws.org>