

Governor Cuomo pushes casino expansion in Upstate New York

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As he begins his second term, New York State Governor Andrew Cuomo is making casino expansion a major part of his promise to revive the severely depressed upstate New York economy.

On December 17th, the state's gaming board approved the building of three new Las Vegas-style casinos in Schenectady, Thompson (located in the Catskills) and Tyre (located in the Finger Lakes region).

On December 26th, Cuomo wrote a letter to the state Gaming Commission urging it to award the state's remaining casino license to the Southern Tier region of the state, which was shut out when the first three licenses were awarded the week before. In the letter, Cuomo mentioned the region's poor economic situation, stating, "If you agree to this request, the (casino board) should quickly establish a process for the fourth license that could be complete as expeditiously as possible, as the Southern Tier needs jobs and investment now."

On January 12th, the Gaming Facility Location Board, supposedly independent of the Governor's influence, approved an additional license for a casino in the Southern Tier, as Cuomo had requested.

Envious Democratic and Republican politicians from Newburgh, Orange County, located in the southeast part of the state, responded by reproaching Cuomo while demanding a casino of their own as well as a review of the licensing procedure. Hazel Dukes, the head of the state NAACP, wrote a public letter to the Gaming Board suggesting the board may have violated civil rights law by failing to award a casino in an area with a large minority population. Dukes also said, "Your statements suggest that you are limiting the competition to the Binghamton area/Southern Tier because it is an upstate area that is 'economically

distressed.' However, that area is not more economically distressed than Newburgh."

The Southern Tier region includes eight largely rural counties located on the state's southern border with Pennsylvania, and has some of the state's highest jobless rates. Several of its counties rank among the state's top 10 poorest, including Chautauqua and Cattaraugus counties in the southwest part of the state. The region is also home to the Marcellus Shale formation and, as a result, has long been targeted by oil and gas interests seeking to engage in high volume hydraulic fracturing, or "fracking," to extract oil and natural gas for profit.

Moneyed supporters of fracking use the region's high poverty and jobless rates to try to blackmail New York residents into allowing them to exploit and endanger the region's environment to "bring jobs to the region."

Just hours prior to the state Gaming Commission awarding the three casino licenses on December 17th, the Department of Environmental Conservation banned the use of fracking in the state, dealing a blow to the region's political and business leaders who had sought the state's approval.

The state's decision to ban fracking had much to do with political calculations of the Cuomo administration, as well as the declining price of oil internationally and the abundant supply of natural gas domestically, making any new investments in major drilling operations economically unattractive. With fracking off the table, the region's politicians and business interests are now clamoring to secure the state's remaining casino license.

Posing as a defender of jobs and working class living standards, billionaire real-estate and casino developer Jeffrey Gural reacted to the Southern Tier region's failure to secure a casino by telling Albany reporters,

“Bad day? I think the Southern Tier just got wiped out economically. These poor people, they are going to have no jobs. Take a ride around the Southern Tier, and see what it looks like. It’s about as depressed an area as there is, and when you had a chance to help these people with the fracking and the casino—they give them a doubleheader. I feel bad for the people.”

Gural also stated that he felt like a “fool” for spending \$800,000 in 2013 to help Cuomo pass a state referendum allowing casino expansion in the first place.

Cuomo, for his part, recognized the dire employment prospects for many in the region and cynically held out casino expansion as a potential jobs program, stating to reporters, “They need jobs, and they need income, and what’s the alternative to fracking? And I think that’s a very good question, and I think it’s our responsibility to develop an alternative for that community for safe, clean economic development.”

Residents are well aware that the Southern Tier region is economically depressed and that there is need for a serious jobs program throughout the state, but there is little evidence that the expansion of casinos would do much more than increase the wealth of casino moguls and real-estate developers like Jeffrey Gural.

Casinos require relatively minor investment. The jobs created are largely low-paying and offer little opportunity for advancement or skills that are transferable to other industries. In addition, studies have shown that the huge sums they generate are largely taken from the pockets of the working class and given to the state and wealthy investors. Meanwhile, less money is spent on other goods and services, effectively acting as an economic drain on any region that has a casino but is unable to attract wealthy tourists willing to part with their money.

Furthermore, the industry as a whole has been trending downwards for years, as more and more cities build them to “revitalize” their economies and online gambling increases in popularity. Atlantic City, New Jersey, once a major gambling location on the east coast of the US, has seen casino revenue decline for the past eight years and several major casinos have closed in the past year, leaving thousands jobless. The Revel, which stands 70 stories high and cost \$2.4 billion, has filed for bankruptcy twice since it opened in 2012. It most recently closed in the summer of 2014, and was recently purchased for \$95.4 million by a Florida real

estate magnate. The casino had received over \$200 million in state tax incentives throughout its short period of operations.

In New York, there are currently 19 casinos operating with the state’s consent, many of them run by the state’s Native American tribes. The Seneca Niagara Casino in Niagara Falls is the largest hotel space outside of Manhattan and, since its opening in 2012, has done little to improve the prospects for workers in the surrounding area.

Known as the home of the largest waterfalls in the world, the city of Niagara Falls was also once a major industrial center but has suffered greatly in recent decades as a result of deindustrialization. Between 1960 and 2010, over 50,000 people left the city, effectively cutting its population in half. Today approximately a quarter of its population lives in poverty. Thirteen years after opening, the Seneca Niagara casino continues to exist alongside empty factories and abandoned homes. In 2012, on the casino’s tenth anniversary, local resident Joey Sedore told the *Buffalo News*, “I don’t see how I’m benefiting from any of this. It really hasn’t transformed anything except that property right there.”

As Niagara Falls, Atlantic City and countless other towns and cities demonstrate, casino expansion is not a credible jobs program and must be viewed as an effort by big business politicians to offer workers low-wage service-sector employment while helping to enrich wealthy casinos and real estate developers.



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