

# State of New Jersey takes over Atlantic City

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The New Jersey administration of Governor Chris Christie took control of Atlantic City on Wednesday, approving a five-year takeover plan to prevent the city from declaring bankruptcy.

The city's elected officials, led by Republican Mayor Donald Guardian, had submitted their own plan to meet an end-of-October deadline, but the state's Local Finance Board rejected it in voting for the state takeover.

The state board, established under the state's dubiously named Municipal Stabilization and Recovery Act, will have the power to overrule the City Council, break union contracts, sell off assets, and hire and fire municipal workers.

The state has taken over some impoverished cities previously, most recently Camden in 2002. The Atlantic City action, however, goes further than any in the past. It was not immediately clear how the board, under its director Timothy Cunningham, would exercise its power. Cunningham said that unions should consider their contracts still in place, but that could obviously change on very short notice.

The Atlantic City crisis reflects the desperate economic conditions facing a growing number of small US cities, but it has been magnified by the role of gambling casinos in the local economy. As reported by *The Week*, 5 of the city's 12 casinos have closed since 2014, as casino gambling has faced greater online competition as well as the legalization of gambling in Pennsylvania and other nearby states. Casino income in New Jersey dropped from \$5.2 billion in 2006 to about half that amount in 2015. The Atlantic City tax base has collapsed from \$21 billion to \$6 billion. The city, with a small population, nevertheless faces a relatively huge budget deficit of \$100 million, and has accumulated debt of \$500 million.

The role of the Republican governor looms large in this latest assault on the working class. Top Christie

aides were just found guilty of orchestrating traffic chaos at the George Washington Bridge in revenge against local mayors who refused to endorse the governor's reelection bid in 2014. At the trial, they virtually named the governor, who is at the same time the head of President-elect Donald Trump's transition team, as an unindicted co-conspirator in "Bridgegate." Following Trump's election, speculation has grown that Christie will be named to head the Justice Department or to some other top post in Washington.

A local political activist in Atlantic City told the Associated Press that the state takeover illustrated "what this country could turn out to be under Chris Christie and President-elect Donald Trump, taking away our rights and sovereignty. ... What will government look like with the state of New Jersey overpowering the residents? We are headed for some bad times, and your city could be next."

The attack on Atlantic City is bipartisan, however. As another activist was quoted as saying, "The takeover of Atlantic City is about denying the people a voice in their own future, and the likely handover of a precious asset—the city's water system—to private corporations close to Gov. Christie, Senate President Steve Sweeney and political power broker George Norcross." Sweeney and Norcross are among the state's top Democrats.

Trump's casino connection to Atlantic City is well known, although he sold his struggling casinos some years ago, including Trump Plaza and Trump Taj Majal. Taj Mahal was the latest to close, after Labor Day this year. About 1,000 cooks, housekeepers and other workers at the casino had gone on strike on July 1. The UNITE HERE union kept these workers isolated, agreeing to a deal with Tropicana Atlantic City while the Taj Mahal workers were on strike. The union also allowed Democratic politicians, including presidential candidate Hillary Clinton, to come to the Taj Mahal picket lines and offer empty statements of support.

City employees have already granted concessions, including agreeing to defer paychecks last April, and then going to a monthly instead of twice-monthly pay schedule.

Atlantic City, with a population of 39,000, is one of the poorest cities in New Jersey in one of the most socially polarized states in the US. New Jersey is home to many upper middle class residents, but the state's largest cities, including Newark, Camden, Paterson and Trenton (the state capital), are synonymous with urban poverty. The official poverty rate in Atlantic City is 34.3 percent.



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