

Casino a bad bet for Toronto



A baccarat dealer at the MGM Hotel and Casino in Las Vegas. (Jan. 25, 2012)

Richard Florida

“Toronto deserves a world-class casino,” city councillor and one-time mayoral hopeful Giorgio Mammoliti declared recently.

Why? What did the good city of Toronto do to deserve such a costly, socially destructive boondoggle? Why would we allow as important a piece of waterfront property as Ontario Place to be turned into a gambling den — with all the glitz, tackiness, misery and crime that goes along with it?

There are lots of things that economic development experts disagree about — whether it’s more important to create a better business climate with tax abatements or attract new residents with

quality-of-life amenities; whether mass transit and bike trails or highways and stadiums deserve bigger subsidies.

But about one thing, urbanists across the ideological spectrum are unanimous. And that is that building casinos, especially in an already thriving downtown, is a truly terrible idea.

It's true that a host of major cities in the U.S. and around the world — New York, Miami, Chicago, Madrid, Seoul, Dublin, the list goes on — are planning or building equally or even more lavish casinos than the one that has been envisioned for Toronto.

And, yes, Toronto and the province are desperate for revenue. And true, gambling can generate a lot of cash.

But if gamblers fool themselves into thinking that they can get something for nothing, cities and governments should know better. When all the social, moral and monetary costs are totted up, legalized gambling has proven itself to be financial and economic disaster.

Just look at Atlantic City, decades after its casino hotels were supposed to have changed its fortunes. Detroit's three casinos have hardly moved its economic needle. For that matter, look at Niagara Falls, nearby.

And don't invoke Las Vegas, which is the one place legalized gambling works — because it is part of a much bigger entertainment and lifestyle picture, offering great restaurants, great shopping, great weather and great shows (Canada's own remarkable Cirque du Soleil currently has seven productions running in Las Vegas). Not to mention the fact that it is the world's largest centre for massive business conferences like the giant Consumer Electronics Association show and the International Auto Show. For all that, Las Vegas is trying to become more like Toronto, working hard to bring real urbanity to the strip and especially to its neglected downtown, where the new Zappos corporate headquarters will be the anchor of a live-work-play district.

Gaming's advocates hold up a vision of high-rollers and free-spending tourists, spreading their dollars around the whole city, benefiting retailers, hotels, theatres, restaurants and other businesses with their largesse. But the vast majority of casino patrons turn out to be locals, coming back night after night to spend their hard-earned money on the slots. Just 10 per cent of a casino's patrons account for some two-thirds to four-fifths of the wagers that are made on their premises, according to a 2011 study by Baylor University economist [Earl L. Grinols](#).

Casinos have been found encourage more gambling of this type and even to spur gambling addiction, which falls most heavily on young single men, those with lower levels of education and income, and minorities.

Legalized gambling's costs in crime, bankruptcies, lost productivity and diminished social capital exceed the supposed gains from added jobs and revenues by a ratio of three to one, according to Grinols' research. A "tax on ignorance" is how Warren Buffett once put it.

Casinos produce little real wealth for their communities. They generate virtually no economic spinoff activity and in fact tend to poach business away from other local restaurants, bars and entertainment venues.

Then there is the question of opportunity costs: What is the city giving up by placing a casino on prime waterfront land? A great deal, actually.

Toronto's waterfront is an enormous, shared asset that must be carefully cultivated and planned for. New projects, whether a mega-casino or a giant Ferris wheel, cannot just be slapped down without regard for our collective future. The area is already intensely developed with condos and other mixed uses.

The Ontario Place property in particular begs for more parks and green space, biking and hiking trails and access to the water for sailing, boating, kayaking. Green space, natural amenities and other esthetic qualities are the main factors that make people satisfied and happy with their communities, according to recent research.

Gambling is one of the least productive economic activities imaginable — all it does is remove money from one set of pockets and put it in another, without producing anything concrete as part of the exchange.

Toronto, the province and their leaders would do well to heed John Maynard Keynes' famous warning: "When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done."

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