

INTRODUCTION

Across the city a green and red sign lit up the night sky. 'Borgata' it proclaimed, brightly launching the casino era in Atlantic City into a new phase. The gleaming gold Borgata opened in 2003 and quickly became the symbol of a region's hope for its soul and sustenance. Would it finally be the solution to the city's long inability to restore itself as a 'destination resort'? Since the Resorts International casino opened in 1978, Atlantic City and its surrounding communities linked their fortunes, dreams and enduring vision of a bright future to casinos. As many have documented, that vision has been tested and, despite the money, often been viewed as bringing more problems to the people of the region than benefits. Yet, the story of Atlantic City in the casino era is a largely positive one, most clearly demonstrating an incredible faith in the power of energetic capitalism. The casino floor is a blur of market transactions, successes and failures. Money flies around in all directions, and always, the casino wins more than it loses due to the ironclad laws of probability. But money is just a means to an end. Money alone cannot bring happiness nor make a community whole. The story of Atlantic City in the casino era is therefore not just a story about making money. It is not a story about rich and poor, the community-haves and community-have-nots. Rather, the story of Atlantic City in the casino era is a story about people. It is a story about hopes and disappointment, opportunity and loss. It is a story about determination and desperation, strength and weakness. It is a story about brash, individualistic entrepreneurship and compassionate concern for others. It is an American story.

Before casino legalization in 1976, Atlantic City's economy was in shambles. Young people were leaving as soon as they left high school because there were simply no jobs to keep them around. The city had a three-month economy where residents tried to earn as much money as possible to get them through the long, cold winter, often relying on unemployment or public support to make it through each year. The surrounding region was largely farmland or remote Pine Barrens: there was no real substantial industry besides summer tourism, a few boat-making operations and agriculture. An oft-told account of the pre-casino 1970s is that someone posted a sign on the Albany Avenue bridge that connected the island town to the mainland that read 'Last one to leave Atlantic City, please turn out

the lights.¹ After World War II, the region had sustained a series of hits and calamity of circumstances. The palatial hotels that once lined the Boardwalk eventually became deteriorating hulks along the shore as the summer crowds came in fewer and fewer numbers between 1950 and 1978. The gardens and pleasure piers were still busy, but, as the culture changed, attractive properties faded or were torn down and replaced. Forty years later, a former summer tourist recalled the transition that took place in the Chelsea section of the city in the 1960s:

Another block or two at Morris or Brighton Avenue, on the north side of Pacific, stood the impeccably groomed gardens of the Gimbel Mansion and the Flamingo mansion, which later was demolished and became the Flamingo Motel. I believe that they were all gone by the early 60's.²

Moneyed tourists were scarcely to be found by the mid-1970s, and the old hotels were beginning to disappear.³

In the early 1960s, Atlantic City absorbed two major blows: one to its infrastructure and one to its public reputation. In 1962, a powerful nor'easter stormed up the east coast and broke the floodgate that protected much of the city's Inlet and uptown neighborhoods. The storm flooded a large part of the city, and also left it vulnerable to flooding from that point on, as the gate was not properly repaired for years. For the next two decades, the area would often flood as a consequence of normal tides not just major storms. When the Inlet and uptown areas were massively redeveloped in the 1980s, crews first had to raise the entire streetscape by three feet and the houses even higher before residential construction could begin. Since many of the affected neighborhoods generally consisted of summer cottages to begin with, the urban infrastructure, already old and shaky, could not really withstand the storm's aftermath. The 1962 storm also washed away part of the famous Steel Pier. In 1964, another major blow hit the once-popular resort when the Democratic Party held its nominating convention in the city. That convention is probably best known for the uprising led by the civil rights-oriented Mississippi Freedom Democratic Party and for Fannie Lou Hamer's willingness to confront party elders, including President Lyndon B. Johnson. However, Democratic Party unity was not the only casualty of that convention. Reporters staying in the fading hotels wrote home about poor room conditions, service and the sorry state of their surroundings, thereby contributing to Atlantic City's already weakened reputation as a desirable place to vacation.⁴

By the early 1970s, the tourist industry could barely sustain itself, and could sustain the local workforce even less. Atlantic City was becoming a dreary nostalgic trip. Horses kept diving on the Steel Pier until 1978, but they represented a past era and were virtually isolated as a Boardwalk attraction by then. The show closed when Resorts bought the Steel Pier in 1978. The residents of greater Atlantic City wholeheartedly backed the casino legalization referendum. Jerseyites liked the unique requirement that casino 'win' (eight per cent) would be taxed specifi-

cally to benefit senior citizens through the creation of the Casino Revenue Fund. Bartenders gave out free drinks and people partied all night when it passed on the second try in 1976, this time limiting casinos to Atlantic City. Within eighteen months, the first casino opened and five years into the casino era, four times more visitors were coming to Atlantic City than the pre-casino era. But it did not happen as easily as the referendum backers had hoped. Overwhelming traffic, brutal real estate speculation, legal and bureaucratic obstacles made casino employment not easily attainable for many. In five years, the casino industry invested a few billion dollars to develop their properties and brought in five and a half billion dollars in revenue between 1978 and 1983.⁵ Casino money flowed like oil through a gusher, but it did not automatically elevate the local population. Within two years, resentment and criticism of the casino industry emerged from Atlantic City sources. In the early 1980s, industry leaders also spoke up to complain about overly-strict regulations that limited casino operators on everything from the hours they could open, to the size of the casino floors, to the content of their advertisements. Meanwhile, the Golden Nugget casino also emerged as a model of new glamour and style, management, marketing and employee relations. It set an important tone for the industry and its president Steve Wynn set about training a whole generation of casino managers who later went on to success in other casinos.

By the mid 1980s, the casino era was advancing rapidly. Donald Trump had come to town and changed the local industry through his risk-taking, his brash personal style and his willingness to invest substantial capital. Acquiring three casinos by 1988, Trump also bailed out Resorts International by purchasing the Taj Mahal, a huge casino project at the far eastern end of the Boardwalk. Trump uniquely blended his personal charisma and celebrity with the marketing of the Trump casinos. Meanwhile, Harrah's bustling Marina casino slowly developed a brilliantly successful operation via smart, niche marketing and a comprehensive, independent approach to both employee relations and community involvement. Junk bond debt saddled many of the properties and the northeastern recession began to cut into gaming profits. After the Taj Mahal nearly collapsed in a heap of debt within a year of its 1990 debut, a new Casino Control Commission chairman, Steve Perskie, set about reigning in the agency and scaling back the original *Casino Control Act* legislation to empower casino operators to make business decisions that were good for the industry. Fifteen years after Resorts International's opening day, the casinos had twenty-four-hour gaming, a streamlined regulatory process, a more common-sense system of employee licensing and a new convention centre under construction. New immigrants by the thousands migrated to work in the casinos in the 1990s and created an international, cosmopolitan environment and a dynamic multi-ethnic immigrant community.

Deregulation set the tone for the booming mid-1990s when Wynn's Mirage corporation came to town and launched the casino industry on an expansion drive that continues to the present. Through incredible controversy, Wynn forged a deal with state and city officials for a mega-complex in the Marina that eventually opened as the Borgata in 2003. Along the way, the Atlantic City–Brigantine connector was built and a neighbourhood's streets torn up (the Westside). Through the 1990s, Atlantic County continued to prosper through casino wealth and the city's housing, crime and infrastructure problems began to improve through dedicated local and state initiatives and funding. The city's boom was slowed somewhat as the success of Connecticut's two tribal casinos re-directed a substantial portion of former Atlantic City gamblers to south-eastern New England. However, the opening of the Borgata, Tropicana's Havana-themed 'the Quarter' and a centrally-located retail outlet called the Walk spurred yet another Atlantic City renaissance in the mid-2000s before new slots parlours and racinos in Pennsylvania and New York threatened the industry again. Along the way, the casino companies merged and grew ever bigger. Harrah's emerged on top of the casino world in 2005 by purchasing Caesar's, instantly capturing 40 per cent of the Atlantic City gaming market.

What follows in *Gambling on the American Dream* is in equal parts an economic impact study, a community history, a financial analysis and a popular narrative. The business of the Atlantic City casinos has been a fascinating, exciting boom-and-bust tale, the cheers and moans of a casino floor writ large across coastal South Jersey. Economic data and financial results, coloured with contemporary and personal accounts of the casino industry, build the history of the casino era. *Gambling on the American Dream* highlights personal experiences wherever possible, and utilizes oral history to emphasize key aspects of the casino era.

Chapter 1 begins by discussing the decline of the region through the early 1970s, when discussion about legalized gambling as a cure for the city's problems picked up momentum. It focuses on the subject of illegal gambling as an important historical theme in the region's history and explains the ways in which gambling as a central component in Atlantic City economy and culture became embedded into the regional consciousness many decades before the casino era. In addition, the chapter examines early connections between famous regional political machines and gambling, the role of law enforcement and impact on average citizens. This helps develop an important theme of this book: that casino gambling, even though it was illegal, had been a significant and usually accepted part of the region's culture in the twentieth century. The chapter presents the pre-casino past as an important background for the campaign to bring legalized casinos to Atlantic City in the 1970s. The campaign actually began in the late 1950s with local business owners, but picked up a lot of support in the early 1970s when politicians began to champion the initiative at the state level. This led to a

dramatic and interesting effort to convince New Jersey citizens to approve casino gambling generally across the state in 1974 (unsuccessfully) and specifically for Atlantic City in 1976 (successfully). The legislative hearings and oral history recollections from this period vividly reveal the opposition between pro- and anti-gambling forces, with a stark portrayal of the region's bleak circumstances set against apocalyptic predictions of a casino future. The chapter also addresses the passage of the *Casino Control Act* of 1977, defining the ways in which the state sought to regulate the casino industry at the beginning of the era.

Chapter 2 picks up the story in 1978 with the opening of the first casino, Resorts International. This was immensely successful, tapping into a huge market, and was the sole casino in Atlantic City for almost eighteen months. In the years 1978–9 the region experienced a wave of economic development and an influx of capital that created new jobs and new opportunities, in the midst of a slow national economy. By 1982, Atlantic County had become one of the fastest growing counties in the nation, and the number of casinos had increased to eleven, creating thousands of jobs through direct employment on the gaming floors, hotel and restaurant operations, and indirect employment in construction and other businesses throughout the region. Chapter 2 details this industry success, via the development of Harrah's, the Trump casinos and Showboat, and chronicles the attempt to establish Atlantic City as a 'destination resort' by re-opening the train link to Philadelphia, renovating the regional airport and establishing commercial airline service. It also describes the continued impact of a wave of real estate buying and selling: casino-related speculation that had winners and losers. Most famously, certain neighbourhoods were practically overrun with speculation, with tenants facing difficult consequences as a result.

By the mid-1980s, national media reports had become very critical of the city in the casino era, alleging continued urban blight. Chapter 3 addresses the substance of these perceptions, focusing on the impact of casinos on community life. The chapter also examines the change in city government that took place in the early 1980s from a commission to a mayoral system and includes information on the legal problems faced by Atlantic City politicians and other aspects of political corruption that were noteworthy of the time. While Atlantic City struggled with quality-of-life issues, the ring of suburban communities around it nevertheless kept growing and becoming wealthier. Casino wealth spread wide and positively impacted many people around the region, even if those people were disproportionately located outside the city. By the late 1980s, economic indicators for Atlantic County were quite good, and the county was advertising its status as a dynamic harbour for opportunity.

Chapter 4 reviews the turnabout that occurred in the late 1980s and 1990s, when the casino industry experienced a slowdown. One casino actually went out of business while others experienced problems. Meanwhile, the opening of the Trump Taj Mahal was a huge event in the casino era: at first promising, but

soon disappointing. The industry was also impacted by a national economic slowdown and the drop in travel that accompanied the Persian Gulf War of 1990–1. The chapter addresses how average people handled these slow years by reflecting on growth patterns and individual stories about the city and region. It details the change in political direction that occurred with the election of James Whelan as mayor in 1990, and explores his executive actions and their repercussions. Whelan set a new path for Atlantic City's government by working more dramatically to bring the interests of the community and casinos together.

Chapter 4 also explains the cumbersome and unwieldy licensing process implemented for casino employment. Eventually, it led to long delays and political efforts to change the policy. The chapter develops themes from the previous chapter on the centrality of gambling to the regional psyche and on the role of casino gambling and the achievement of the American dream in the Atlantic City region. The late 1970s and early 1980s also included a crime spike caused by the influx of visitors and the relationship between casino management and labor unions. Chapters 3 and 4 also analyze new efforts at 'urban redevelopment' via the establishment of the casino-funded Casino Reinvestment Development Authority and its subsidized housing programs of the late 1980s.

Chapter 5 tells the fascinating and little-known story of the crucial role that immigrants have played in Atlantic City's casino era. Since the 1980s, immigrants from around the world have flooded into Atlantic City to fill 'back-of-the-house' jobs as cooks, cleaners and room service attendants at the casino hotels. Often, these jobs required little or no English language and paid relatively low salaries, yet they were stable and included valuable benefits. Many, by learning English, have worked their way up the job ladder, including a significant number of the higher-paid dealers in Atlantic City. Since the mid-1980s, specific communities have developed with immigrants from various countries in Latin America, South and East Asia. Prominent nations-of-origin for the casino era's immigrants include: Vietnam, the Philippines, India, Bangladesh, Pakistan, Columbia, China, Cuba, El Salvador and the Dominican Republic. Together and separately, they re-created Atlantic City as a diverse and international place. In recent years, many of the immigrants have moved beyond the casinos and opened businesses. Yet the casinos continue to anchor the diverse communities.

Chapters 6 and 7 tell the story of the casino community from the early 1990s to the present, as the existing casinos expanded and thrived in the prosperous tourist and business climate of the era. By 1999, the number of people in the region directly employed by casinos had increased to 47,366⁶ and growth in the suburbs continued as new waves of casino employees became wealthier and bought homes outside the city. This was especially the case for those with young families, due to the perception that Atlantic City public schools were inadequate. Mayor Whelan's administration created a more harmonious relationship between

the city and the casino community and sought to eradicate the city's over-supply of dilapidated structures. The Atlantic City casino industry faced a significant competitive threat when the Connecticut Pequots opened Foxwoods in 1992, yet gained new momentum a few years later when Steve Wynn's Mirage struck a deal to develop a few new casinos. The project also included the construction of a new roadway to the Marina district that divided the casino industry and city residents. The battle played out for four years in the late 1990s until one large casino was built along with the roadway that connects the Atlantic City Expressway to the Marina district casinos. This was a dramatic episode, with political and economic outcomes that impacted the region well into the 2000s.

Chapters 6 and 7 include an account of the drive to build the new Convention Center in Atlantic City and of the ways in which the Casino Reinvestment Development Authority (CRDA) has continued to impact growth and development in the region. They take the story up to the present, expanding on the newfound diversity of the city and region. Two large casino developments have opened in the recent past: the Borgata (2003) and Tropicana's 'The Quarter' (2004). Both are geared towards a more upscale casino clientele, *à la* Las Vegas, but are possibly at odds with the historic clientele of area casinos. In addition, the resort has shifted dramatically towards upscale retail shopping as a way to build a non-gambling clientele. Developments like the outlet centre called 'the Walk' and the Pier at Caesar's have become huge destinations unto themselves within the community.

Chapter 8 concludes the narrative by applying the story of the casino era in South Jersey to the burgeoning casino communities around the United States. It focuses on the Connecticut tribal casinos, the Mississippi casino industry and the nascent Pennsylvania gaming industry. Each of these casino locales has significant Atlantic City connections and each has impacted Atlantic City in different ways. Here, the book explains the role that the Atlantic City casino community has played in expanding the American casino age in the 1990s and 2000s.

Gambling on the American Dream makes extensive use of oral history to tell the story of the casino era. The oral history helps us understand that Atlantic City's casino era is a social construct – a collective marker of history for the residents of greater Atlantic City. This social construct leads to the establishment of certain themes and shared memories, something that historian Don Ritchie has defined as 'public memory'. In the case of Atlantic City, the 'public memory' consists of a historical understanding that the city was a faded, depleted, dying place in the years before the casino era began.⁷ While 'public memory' may not always represent a completely accurate depiction of particular events and issues, it is reliably important for the creation of a meaningful narrative for historical participants. Some oral history narrators for this project who visited the region before the casinos came to town recalled a bleak setting for personal and professional prospects in the 1970s. They also remembered something of a golden age

of glamour, wealth, beauty and easy-living along the Boardwalk in the mid-twentieth century.⁸

The pre-casino 'public memory' is very instructive and could be polished for tourist consumption, but the reality was a little different. People living in and around Atlantic City do not share the same idealized view – they recall a bleak and long decline for the region, from the 1950s through the 1970s.⁹ In particular, Latino and African-American narrators from the period describe a bleak economic circumstance, shaded by segregation and exclusion. One narrator, Pierre Hollingsworth discussed life in the segregated city:

And actually, certain restaurants did not cater, nor did they want blacks. They didn't have no signs up there that said that, but they weren't very friendly about it. The beach was the same way. There was a certain section of the beach called Missouri Avenue, that was set aside specifically for black folk.

Hollingsworth's memories of economic poverty were tinged with racial exclusion:

So in those days, it was – like I said, it was poor, but when you look right down to it, you didn't really know how poor you were until you start seeing the other side of town. And then, when you saw the other side of town, you began to really directly know what was [happening].¹⁰

Effective oral history demands that memories of the past are rightfully understood within the context of narrators' personal meanings and cultural perspectives.¹¹ In Atlantic City's casino era, one's perception varied tremendously based on cultural orientation, employment, location and family experience. Aside from the clear changes that took place when casinos appeared on the Atlantic City skyline, the casino era is often understood in highly subjective terms, depending on who is looking back.¹² Oral history excerpts throughout *Gambling on the American Dream* reflect this personalized view of history. The dramatic changes of fortune and upheaval experienced by longtime Atlantic City residents and newcomers in the casino era contributed to the creation of a powerful social narrative.¹³

The historical literature on Atlantic City's casino era is relatively scant, and until now, no book existed that effectively documented the entire time frame from the perspective of the casino industry, its employees and the public officials politically responsible for it. In the 1980s and 1990s, a number of writers published accounts of the early casino era that were invariably negative. They played up the unsuccessful attempts of the mafia to infiltrate the industry or the social problems that occurred as the casinos were built. These works did a fairly good job of detailing the harsher aspects of the early casino impact on the city itself, yet sometimes paid little attention to the more widespread economic changes being felt by people in Atlantic County and around the region.¹⁴ Other treatments have presented the Atlantic City casino era, casino industry and socio-economic

change more positively.¹⁵ A few other works focus more specifically on the casino industry, its operators' and employees' perspectives and its marketing and financial strategies.¹⁶

More recently two good histories of Atlantic City came out that integrate the casino story into the unfolding story of Atlantic City politics and the decline of twentieth-century urban America: Hal Rothman's *Neon Metropolis: How Las Vegas Started the Twenty-First Century* (2003) and Bryant Simon's *Boardwalk of Dreams: Atlantic City and the Fate of Urban America* (2004). While making important contributions to our understanding of the casino era, Simon's emphasis is outside the industry, focusing more on urban development (or its opposite) and accentuating historical patterns of exclusivity and community indifference. The casino industry, however, really has defined the region since 1978 and, as such, Rothman's study of Las Vegas's casino expansion in the 1990s is closer in focus to *Gambling on the American Dream*. Finally, David Schwartz' comprehensive recent works on Las Vegas and the history of gambling provide effective brief analyses of Atlantic City's casino era.¹⁷

At a recent social gathering I participated in a conversation in which the topic of Atlantic City came up, as it often does in Maryland these days when people talk about casino or slot machine legalization. Invariably, opponents of legalized casino gambling bring up Atlantic City as a cautionary tale: we certainly do not want to bring that city's problems home, they say. It is understandable that Atlantic City has such a negative reputation in the mid-Atlantic region of the United States, its primary source of revenue. For thirty years, gamblers from New York City, eastern Pennsylvania, greater Washington DC and Baltimore have flocked to the South Jersey shore for fun and fortune, or, at least, the thrill of gambling and the chance for a windfall. As their cars or busses exit the Atlantic City Expressway and head towards a casino, they often see a bleak landscape of broken-down houses, a deteriorating commercial centre, ever-present 'We Buy Gold' jewellery/pawn shops, and other signs of urban squalor. Unfortunately, this impression is decidedly false. Much more has gone on in Atlantic City's casino era – most importantly, it has been a place to achieve one's American dream.