

Would a New Casino Create Jobs?

Should Scott Walker approve the proposed Kenosha casino? There are reasonable arguments pro and con. But the most commonly heard argument is pure bogus. Because there is absolutely no way that the casino, if allowed to open, will actually "create jobs".

In a way, creating jobs is easy. If I pulled out my life savings, I could rent a storefront, hire a few workers, and open up a bookstore or a bakery or perhaps some kind of consulting business. There are, on average over a thousand new small business created every day in the US, most of which create only one job – the owner's. Unfortunately, there are also over a thousand small businesses that get eliminated every day, wiping out the few jobs that they'd created. Creating jobs is easy. It's sustaining jobs that's difficult.

To make a newly created job last, you need consumer demand. If nobody wants to buy the books I sell or the donuts I bake or the consulting services I supply, pretty soon my savings will run out, my business will close, and the jobs I created will be gone. Lasting job creation requires lasting customer support, a willingness of buyers to come back again and again for the products I sell. But there's only so much lasting consumer support out there.

And there's the rub. Suppose the Kenosha casino opens up, and attracts enough gamblers to be profitable. Those gamblers are currently spending their money elsewhere – maybe at various Kenosha bars and restaurants and other entertainment venues, or maybe at the Potawatomi casino in Milwaukee, or maybe at their local orthodontist's, paying for the kids braces. It's highly unlikely that their prospective gambling money is currently sitting in a drawer, untouched.

So yes, approving the Kenosha casino would create jobs at the now-vacant dog racing park. But it would also eliminate jobs at a variety of other locations, in Kenosha, Milwaukee, and other parts of SE Wisconsin and NE Illinois. Approving the casino would just redirect consumer spending from one place to another; the net jobs impact would be pretty much zero.

(By the way, that's why the Ho-Chunk and Potawatomi tribes oppose the casino. They know that it will hurt their businesses, and force them to lay off some of their workforce. It's called a zero sum game, and they know it.)

So should Walker approve the casino? Some of the jobs lost would be in Illinois – perhaps at the Grand Victoria Casino Elgin, or at bars and restaurants in the Waukegan area. If by "job growth" you mean stealing jobs from your neighbors, well, maybe that's a good thing. Maybe a casino in Kenosha means the gambling folks in Zion and Kenosha and Racine won't have to drive as far to gamble away their income. Less driving home from a casino probably means less drunken driving, and that's a good thing too.

But one more casino is one more temptation to gamble away the rent payment, and if the casino results in fewer non-gambling entertainment options in the Kenosha area – as it most probably will – that's more people who get exposed to the allure of the Blackjack table. That's more people who succumb to gambling addictions, more lives negatively affected, more children who end up with crooked teeth. And that's not so good.

So, should Walker approve the casino? It's at best six of one, half dozen of the other. The only thing that's certain is what it isn't. Because it's certain that it isn't a way to actually create jobs.