

LEARNING FROM LAS VEGAS: DEBUNKING SOME MYTHS ABOUT THE GAMBLING-URBAN ECONOMY

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ABSTRACT

This note opens up the discussion about EuroVegas and Barcelona World projects in a broader context: on Las Vegas model debate. By debunking four myths about Las Vegas we would like to point out some of the expected benefits that these two projects could deliver. This could be a matter of debate considering the socio-economic ramifications when this type of leisure complexes are built and worry if they are not considered.

KEY WORDS: Las Vegas, EuroVegas, Barcelona World, Tourism Model, Gambling

RESUMEN

Esta nota abre el debate sobre los proyectos de Eurovegas y Barcelona World refiriéndose a un contexto más amplio: el debate sobre el modelo Las Vegas. El artículo discute cuatro mitos extendidos sobre los beneficios que generaría el modelo EuroVegas en el caso de realizarse los dos proyectos mencionados. Unas cuestiones que deben tenerse en cuenta dados los posibles impactos socio-económicos que pueden generarse a raíz de la construcción de ese modelo de complejos de ocio.

PALABRAS CLAVE: Las Vegas, EuroVegas, Barcelona World, modelo turístico, juego.

RESUM

Aquesta nota obre el debat sobre els projectes de *Eurovegas i Barcelona *World referint-se a un context més ampli: el debat sobre el model Las Vegas. L'article discuteix quatre mites estesos sobre els beneficis que generaria el model *EuroVegas en el cas de realitzar-se els dos projectes esmentats. Unes qüestions que han de tenir-se en compte donats els possibles impactes soci-econòmics que poden generar-se arran de la construcció d'aquest model de complexos d'oci.

PARAULES CLAU: Las Vegas, EuroVegas, Barcelona World, model turístic, joc.

1. Background

From the end of 2011 and during the first semester of 2012 there was a lot of buzz about the possibility of locating the so-called “EuroVegas” in the metropolitan area of Barcelona. The media and social alarm started in early November 2011 when Mr. Sheldon Adelson, owner of Las Vegas Sands Corporation, acknowledged his interest in developing a massive leisure centre in the Barcelona area. According to media information at that moment, the project presented to the Catalan Government meant a 17,000 MEUR investment to build 12 hotels (about 36,000 beds), six casinos and several restaurants in 150 hectares, which could be enlarged up to 250 or even 800 hectares if a golf course and an auditorium for 17,000 people were added.

Nevertheless, after quite a opaque negotiation process, it seems that, finally, the casino complex will be placed in Madrid. Even more shockingly and as a reaction to the lost of EuroVegas, in September 2012, the Catalan Government presented the project “Barcelona World”, which consists of six hotels with 12,000 beds, shopping centres, theatres, convention centres and other associated services, as well as casinos. The Barcelona World project covers an area of 445 hectares between the Port Aventura theme park and the towns of Vila-Seca and Salou. This will be an investment of 4,775 MEUR leaded by the Beremonte Group.

2. Debunking some myths

Considering the above, we would like to take the opportunity to reflect on the gambling-urban economy by debunking some myths about the success of Las Vegas model. Given that Las Vegas has a total of 78 hotel-casinos, some might argue that the size of the EuroVegas or the Barcelona World project cannot be compared to the original. Yet, absolute figures are not always as important as processes, relationships and issues that derive from this sort of developments.

Following, we introduce four myths, our analysis is not exhaustive, but it would like to point out that some of the expected benefits that EuroVegas could deliver can be a matter of debate and that the socio-economic ramifications of this type of projects can be worrying if they are not considered.

2.1 Myth 1: EuroVegas will create a substantial amount of jobs

One of the reasons to justify the EuroVegas development in a moment of economic crisis is the capacity of the project of creating jobs. The figures that appeared in the media ranged from 120,000 to 200,000 jobs. While these numbers might seem impressive at first glance, the lack of information on the method used for the calculation raises doubts on their validity.

Be as it may be, beyond the figures, there are two key indicators of the job quality in Las Vegas: unemployment and education level of the population. Regarding the first, the business model of Las Vegas does not translate in a lower unemployment rate if we compare it with the US average rate. While the unemployment rate in the US is 7.9%, in Nevada is 11.8% and in Las Vegas is 12.3% (US Bureau of Labor Statistics, November 2012). Concerning education level, according to the US Census Bureau, Las Vegas is clearly below the US average in terms of population holding a Bachelor or a higher-level degree. In Las Vegas, 14% of the inhabitants hold a university level degree, in Nevada 21.8% and 27.9% in the US. We could argue then that this development model is not built upon knowledge economy, nor fosters the generation of added value activities. In this line, Las Vegas ranks in the last position of several rankings, such as the Newsweek Smartest Cities ranking (Newsweek, 2012).

This model not only does not require of qualified workers, but it can even lead to higher drop-out rates in schools. As a matter of fact, in Macau, city hosting one of the casino complexes of Las Vegas Sands Corporation, many students leave school to work in the casino, as the average salary of a casino job is slightly higher than some of the jobs offered to young graduates (see news article of El País (2012)). Given that the drop-out rates in Spanish schools are substantially above the EU average, we might think it twice before implementing such a development models in our cities and societies.

2.2 Myth 2: EuroVegas will bring wealth

Beyond job creation, some believe that this type of leisure centres brings economic prosperity for the region and higher wealth levels. While in Las Vegas the gambling and leisure industry deliver significant profits for the corporations running the hotel-casinos, these benefits do not necessarily translate in benefits for the region or the population. In fact, among the demands made by Alderson there was the limitation of the redistribution of the benefits generated by the centre and, also, asked for financial and tax exemptions. Additionally, this sort of projects entail a series of expenses by the public sector and the collectivity that take the form of infrastructures (e.g., energy supply, sewage,...) and negative social externalities (e.g., insecurity and fear spaces, sexual exploitation,...). In this regard, one of the major social issues in Las

Vegas is the significant amount of homeless; the city has a non-official population of more than 16,000 homeless. Considering that the official population of Las Vegas is 580,000 people, it means that almost 3 out of 100 inhabitants of Las Vegas have no home. If we add all homeless persons in the Clark County the amount of people in the street raises up to 40,000 (Sorenson, 2011).

Most of Las Vegas homeless live in tent camps and tunnels.¹ Several associations and charities, such as *Food not Bombs*, operate in Las Vegas to help these people, but usually local police authorities try to hamper their activities and criminalize them. This situation has called the attention of several scholars; see, for example, Mitchell and Heynen (2009) and Borchard (2005). The reader might think that the homeless issue is spread across the US, but what is certain is that the lively activity taking place at Las Vegas Casinos is not translated in a benefit for the overall population. As a matter of fact, according to Wray (2008) the probability of suicide in Las Vegas is 20% higher than the US average. Even the American Gaming Association acknowledges the danger of higher suicide rates among gamblers (see McCleary and Chew, 1998).

2.3 Myth 3: EuroVegas will drive tourism growth

Beyond doubt, this type of leisure complexes can bring an increasing number of visitors to the region. Yet, it is essential to know beforehand if an increasing number of tourists can be absorbed without reaching the carrying capacity limit and whether the new kind of visitors could impact and modify the tourist product of Barcelona.

Currently, it is widely acknowledged that tourism is one of the pillars of the Catalan economy. During the last years, the effort has been in slowing down the growth in terms of number of visitors while focusing on those that look for a higher quality touristic product. Models of low added value, such as the ones of Lloret de Mar or Salou, have been criticized and the industry has acknowledged the need to address the issue of quality. In this vein, we could discuss about to what extent the EuroVegas or Barcelona World model can alter the Catalan touristic brand, but what is clear is that these projects are not in line with the effort of looking and betting for quality and added-value tourist products.

A study on the visitor profile at Las Vegas (GLS, 2011) provides some hints on what type of tourism this sort of leisure complexes fosters and who gets the benefits: As an average, Las

¹See, for example, Las Vegas Homeless People – Tents Everywhere April 2009 (<http://youtu.be/LD1W6Mo4gdo>), The hidden homeless of Las Vegas (<http://youtu.be/jhHKKD7wziQ>) and ABC: Under Las Vegas: Tunnels Stretch for Miles (<http://abcnews.go.com/Nightline/las-vegas-strip-home-homeless/story?id=8652139>).

Vegas visitors in 2010 paid \$80 per night and room, 80% of them gambled with an average expense of \$466 per player in 2.9 hours of game. The expenses in food and beverages is lower, \$256 per stay, considering that visitors stay between 3.6 nights and 4.6 days this means \$55.65 per day. Finally, the shopping expense is \$122.80.

Hence, most of the benefit is for the hotel-casino operator, since the major expense is in gambling and the high level of business and geographical consolidation makes it difficult to spread the income across several firms or regional stakeholders. As said above, in Las Vegas there are a total of 78 hotel-casinos, 30 of them are concentrated in the Strip, and most of them are operated and owned by a limited number of corporations. For example, Mandalay Resort Group operates eight casinos, MGM Mirage operates seven casinos, Park Place Entertainment operates five and Las Vegas Sands operates three. Most of the expenses of a visitor (gambling, hotel, food, shopping, theatres, etc.) are under the roof of the same resort or several resorts, which can be owned by the same corporation. Hence, profits are concentrated in just few hands.

On a similar matter, those in favour of the EuroVegas and Barcelona World argue that casinos and gambling areas account for just a small area of the complexes and that the main activity will be related to conventions and congresses. They are right, casinos are just a small part of Las Vegas in terms of area, but while 80% of Las Vegas visitors gambled, only 11% attended a convention.

Regarding the visitor profile, it is worthwhile highlighting that the average age of Las Vegas visitor is 49. Forty-eight percent of them have a university degree, 66% had a job and only 18% were non-US citizens, which indicates that Las Vegas is far from being an international leisure centre.

This also echoes in the airport and the airlines operating in it. From the 41.5 million passengers that used Las Vegas McCarran International Airport in 2011, almost 70% of them flew with low-cost carriers or other airlines not integrated into the major airline alliances. In fact, the first airlines in terms of passengers is Southwest with 16 million passengers. Considering that Barcelona Airport has already around 60% of the traffic operated by low-cost carriers, it is difficult to see how EuroVegas or Barcelona World could be a significant driver for increasing intercontinental traffic.

2.4 Myth 4: EuroVegas is an isolated project not affecting the current city model

Since the book “Learning from Las Vegas” published in 1972 by Robert Venturi, where a theory on the aesthetic populism stemming from Las Vegas was elaborated, several scholars and urban researchers see the capital of Nevada as the place where more postmodernity paradigms concentrated (see, for example, Hannigan (1998)). Mecca for the mass hedonism, Las Vegas brings together all the features that make it a real postmodern city. Shiny, superficial and alienated, creating thematic landscapes that recall schizophrenia. All concentrated in just few hectares with the only goal of being different from its commercial competitors through a set of aesthetic values misplaced in time and space and by denying any kind real historic-geographic heritage. The only function of the city becomes the commercial exchange.

Beyond the cultural critique, from the planning perspective, Las Vegas represents also the “total American city”. As Gottdiener et al. (1999) discuss, the urban development fostered by the presence of the leisure complexes has reproduced and amplified all those urban dynamics that feature the American metropolis of the 21st century. That is to say suburbanization and dispersion processes, denying the public space, the dominance of the automobile and the social segregation. Although these are not processes exclusive to Las Vegas, the authors highlight that while most of American metropolis tries to make it up with the central city by trying to transform itself into a more socially diverse place, Las Vegas stills tries to emphasize on privatization and urban denying processes (see, for example, McKenzie (2005)).

3. Conclusions

After having gone through these four myths, overall, we just hope to have contributed to the debate on the impacts of the installation of EuroVegas in Madrid and Barcelona World in Catalonia. We acknowledge the limitations of our analysis and the different social, economic, regional and political realities of Las Vegas compared to the projects of EuroVegas and Barcelona World. Nevertheless, this type of projects usually entail similar problems disregard of their location. It is worrying that most of the debate so far has been focused on the size of the investment and the jobs, while the main issue, which is not part of the debates, is on the redistribution of the profit and who gets the benefit.

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