Sports Stadium Madness

Why It Started  How To Stop It

By Joseph L. Bast

Future historians will look back on the 1980s and 1990s with amazement. Communities that were hard-pressed to keep their schools open or police on the beat nevertheless spent billions of dollars on stadiums and arenas for use by professional sports teams. Even mediocre athletes were paid more for a single season than the average hard-working taxpayer would earn in a lifetime. The average taxpayer, who was taxed to build sports facilities and support players’ salaries, could not afford to walk through the turnstile and watch a live game.

The U.S. is in the grip of a massive public spending spree on professional sports. How bad is it? Roger G. Noll, professor of economics at Stanford University, and Andrew Zimbalist, professor of economics at Smith College, described the situation in the summer of 1997:

New facilities costing at least $200 million [each] have been completed or are under way in Baltimore, Charlotte, Chicago, Cincinnati, Cleveland, Milwaukee, Nashville, San Francisco, St. Louis, Seattle, Tampa, and Washington, D.C. and are in the planning stages in Boston, Dallas, Minneapolis, New York, and Pittsburgh. Major stadium renovations have been undertaken in Jacksonville and Oakland. Industry experts estimate that more than $7 billion will be spent on new facilities for professional sports teams before 2006. Most of this $7 billion will come from public sources.

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1Joseph L. Bast is president of The Heartland Institute, a nonprofit research and education organization based in Chicago, Illinois. This paper is based on comments he made to the Indianapolis Economic Forum on October 1, 1997. The author wishes to thank Robert Baade, Dean Bairn, John Beck, Joe A. Bell, George Clowes, Don Haider, J. David Hoevele Jr., Nicholas Lash, Adrian Moore, Dave Olson, Bill Raabe, Stephen M. Robinson, Mary Ruwart, Herbert Walberg, Tom Walton, and Phillip Zedene for helpful comments.

Nationally, subsidies to professional sports facilities are costing taxpayers approximately $500 million a year. That figure understates the true cost, which would take into account the inefficiency, lost employment opportunities, and income redistribution effects caused by sports stadium subsidies.

This sizeable public investment is being made for an industry that is puny compared to almost any other sector of the U.S. economy. For example, annual sales reported by Sears Roebuck & Co. are approximately thirty times the entire revenues of Major League Baseball. Chicago, home of five professional sports franchises, derives less than a tenth of 1 percent of its personal income from professional sports. Indeed, there isn’t a single county anywhere in the U.S. where professional sports accounts for more than one-half of 1 percent of that county’s private-sector payroll.

All available data suggest that continued public investment in sport stadiums is madness. Sports subsidies don’t produce economic benefits sufficient to justify their public subsidies. At best, they are an inefficient and unfair way to attain such “intangible” benefits as civic pride or urban identity. They unfairly burden those who don’t follow professional sports or who can’t afford to watch live games.

There is some good news, however. There is a way to stop the madness. The special-interest groups that back stadium subsidies can be divided by proposing a plan that keeps teams from moving without offering millions of dollars in tax subsidies. Allowing fans to own franchises—a model pioneered in 1923 by the Green Bay Packers—would put a stop to the extortionist practice of teams threatening to relocate unless they are subsidized.

Part 1 of this Heartland Policy Study summarizes the many ways sports are subsidized in the United States and evaluates the benefits—claimed, real, and intangible—that are said to result from those subsidies. The author concludes that neither economics nor “civic pride” can justify taxpayer subsidies for the construction and maintenance of sports facilities.

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'Ibid.

In Part 2, the author explains why state and municipal governments nevertheless continue to subsidize sports facilities. While sports franchises don’t need subsidies, and taxpayers don’t want to subsidize them, the “bidding war” driven by too many cities chasing too few teams makes subsidies nearly inevitable.

Having come to understand what it is about the sports-and-public-policy environment that has given rise to the subsidy madness, the author in Part 3 considers several solutions that have been proposed to address it. Antitrust enforcement and legislation to outlaw the use of subsidies are considered, but found wanting. The best solution to the madness, the author concludes, is *fan ownership* of sports franchises ala the NFL’s Green Bay Packers.

Part 4 offers a summary and concluding remarks.
How and Why We Subsidize Sports

Sports stadiums are subsidized in several ways: construction and ownership by a government agency, construction and operating grants paid to private owners or developers, state and local tax abatements, and by the use of federal tax-exempt bonds to finance construction. A typical sports facility costs local taxpayers more than $10 million a year. Oriole Park at Camden Yards, for example, costs Maryland taxpayers about $14 million a year. In 1989, the Louisiana Superdome cost taxpayers over $35 million. 7

A 1990 study of 14 stadiums found “only one—privately built, owned, and operated Dodger Stadium—earned a positive net accumulated value.” 9 Back then, most stadium tenants paid enough in rent and shared revenues from parking and concessions to cover operating costs, but not enough to produce a positive rate of return on capital. Since that time, competition among cities for professional sport franchises has dramatically lowered rent payments from teams, often to zero, and teams routinely claim all revenues from parking and concessions. Operating subsidies have become the rule. 9

The subsidy to professional sports produced by using tax-exempt bonds is often overlooked. Because interest income from state and municipal bonds is exempt from federal income tax, those bonds in 1996 paid between 2.0 and 4.5 percentage points below the interest rates paid by private-purpose bonds and commercial loans. Assuming a $225 million price for a new stadium, Dennis Zimmerman estimates “a lifetime federal tax subsidy as high as $75 million, 34 percent of construction costs.” 10

Using tax-exempt bonds to finance stadium construction imposes costs on taxpayers in three ways. Most cities have a cap or limit on the amount of tax-exempt bonds they can issue for


10 Dennis Zimmerman, supra note 7, page 9.
public projects. Using the bonds for sports facilities crowds out more worthy projects such as other public buildings or infrastructure improvements. Second, because government entities carry the debt on their books, their credit ratings could be negatively effected. A lower credit rating means having to pay a higher interest rate on future loans. “Third, taxpayers must bear the risk that the deal struck with the private team owners or developer to repay the bonds falls short due to poor attendance, cost overruns, or some other reason. “Stadium construction,” in the words of economist Dean Bairn, “is not a low-risk investment.”

It might reasonably be objected that tax exemptions are not “subsidies,” since they only allow taxpayers (in this case, team owners and stadium developers) to keep money that is rightfully theirs. The exemptions in this case, however, are granted to a particular firm or industry and not to others, and without a clear public benefit that might justify such special treatment. Tax-exempt financing has been recognized by other writers as a type of subsidy or “corporate welfare.”

Congress attempted to restrict tax-exempt financing for sports facilities by adding a provision to the 1986 Tax Reform Act denying the use of tax-exempt bonds for sports facilities if more than IO percent of debt service was covered by revenues from the facility. Unfortunately, the rule only sweetened the already-sweet deals municipalities were negotiating. Senator Moynihan has twice introduced bills to eliminate tax-exempt financing of stadiums altogether.

**What are the benefits?**

We subsidize professional sports, we are frequently told, because they produce more social and economic benefits than a typical private business. Like other “public goods,” the argument goes, stadiums would not be produced in sufficient supply if the decision were left solely in the hands of private investors. Tax dollars are needed to correct this “market failure.”

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“Illinois issued $150 million in bonds to pay for land acquisition and construction of the new Comiskey Park in Chicago. One year after the park opened, Standard & Poor’s lowered its rating on Illinois’ general obligation debt from AA to AA-, and Moody’s lowered its rating from Aa to Aa. See Illinois State Budget, Fiscal Year 1994, page Ch.8.4.

“Dean V. Bairn, supra note 8, page 5


Among the alleged benefits of a taxpayer-subsidized stadium are new construction jobs; new spending in the community, which creates more jobs; new businesses and tourists attracted by national television coverage; and a “multiplier effect” that occurs when money is spent and then re-spent in the community, resulting in 1.2 to as much as 3.0 times the wealth-producing impact of the original expenditure.

Abe Pollin, owner of the National Basketball Association (NBA) Washington Wizards and Major League Baseball (MLB) Washington Capitals, described the many public benefits he sees flowing from his new, subsidized, MCI Center as follows:

[The area surrounding MCI Center, specifically, and downtown, generally, are already undergoing a renaissance. New shops, hotels, restaurants and office buildings are sprouting up everywhere. Property values are rising correspondingly, which means more real estate taxes for the city. People are coming into the city and staying for the evening. This means more sales taxes. Downtown is coming alive at night in a way that hasn’t been seen for a generation.]

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Many economists and political scientists, however, say the “public goods” label has been applied wrongly to many goods and services that can readily be supplied in sufficient quantity without taxpayer support. Nearly all economic activities produce benefits that are not entirely captured by the producer, so the mere fact that an activity produces “positive externalities” does not mean we should subsidize it. The high profile and popularity of professional sports guarantee that its benefits are always on display. But what of the benefits of other public investments, or of the many private investments that don’t get made because the money was confiscated to build or operate a stadium?

Whether the benefits of stadium subsidies actually justify their cost is not merely a matter of theory or conjuncture. Independent scholars have studied job creation, business creation, income growth, and other measures of economic performance in cities before and after a new stadium or professional sports franchise arrives. They have also compared the economic records of cities that invest in stadiums and franchises with those that do not, and use statistical methods to control for other changes that might account for differences.

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Roger Noll and Andrew Zimbalist recently summarized the findings of many of these studies:

In our forthcoming Rookings [Institution] book, *Sports, Jobs, and Taxes*, we and 15 collaborators examine the local economic development argument from all angles. In every case, the conclusions are the same. A new sports facility has an extremely small (perhaps even negative) effect on overall economic activity and employment. No recent facility appears to have earned anything approaching a reasonable return on investment. No recent facility has been self-financing in terms of its impact on net tax revenues. [T]he economic benefits of sports facilities are *de minimus*.17

The Heartland Institute published several studies that helped bring about this new consensus. The most recent, by economist Robert Baade, studied 48 cities and the metropolitan statistical areas (MSAs) around them over a 30-year period. He concluded:

Of the 32 MSAs where there was a change in the number of sports teams, 30 MSAs showed no significant relationship between the presence of the teams and real, trend-adjusted, per-capita personal income growth. In the remaining two cases, the presence of sports teams was significantly positive once (in Indianapolis) and significantly negative once (in Baltimore).

Of the 30 MSAs where there was a change in the number of stadiums or arenas ten years old or less, 27 MSAs showed no significant relationship between the presence of a stadium and real, trend-adjusted, per-capita personal income growth. In all three of the remaining cases (St. Louis, San Francisco/Oakland, and Washington D.C.) the presence of a sports stadium was significantly negative. [emphasis in original] 18

Indianapolis has done more than any other city to make sports its economic catalyst. The city made amateur and professional sports an important part of its downtown redevelopment plan, pouring public funds into partnerships to keep the National Football League (NFL) Colts, NBA Pacers, headquarters of the National College Athletics Association (NCAA), Pan American Games, men’s college basketball championships, and more. Indianapolis’ plan was the model for similar efforts in Cleveland, Baltimore, Jacksonville, and other cities. Surely if professional sports contributed to job creation and prosperity, the results would be visible in Indianapolis.

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17Noll and Zimbalist, supra note 2, page 36.

The definitive study of sports’ contribution to the Indianapolis economy has been written by Mark Rosentraub, Associate Dean of the School of Public and Environmental Affairs at Indiana University in Indianapolis. In Rosentraub finds “no significant or substantial shifts in economic development. Simply put, the sports strategy did not achieve its objectives.” Rosentraub says the strategy “was marginally successful in creating a small number of jobs,” but that “overall, average salaries in Indianapolis declined in comparison to salaries with many of those cities with which Indianapolis’ leadership believes it competes.” And finally, “If success is measured by growth in jobs and payrolls, then Indianapolis was not as successful as other cities with which it competes for economic development.”

Indianapolis represents the limits to which a city can go to derive benefits from the presence of professional sports teams. The fact that few or no benefits were to be found reaffirms the findings of national studies by Robert Baade and the other experts cited earlier.

**Why are there no benefits?**

Econometric analysis finds no evidence of greater job creation or income creation in communities that invest in sports stadiums versus those that do not. Why not? It is less a mystery than a puzzle with several parts.

**Opportunity costs are often overlooked.**

The true cost of using a resource is “the value of the next-highest-valued alternative use of that resource.” Economists refer to this amount as the “opportunity cost” of an investment or purchase. To measure the true social benefits produced by a sports stadium, the apparent or visible economic benefits must be reduced by the benefits that would have been produced by alternative uses of the same capital and land.

Investing in a stadium has a beneficial net effect only if the stadium produces more value than the forgone opportunity. For example, the same money used to finance a stadium might otherwise have gone to finance a new park, renovate an historic building or business district, or build a new civic center or library. The land might have been used for an industrial park, a

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community college, or affordable housing. The money used to subsidize the operation of a stadium might instead have gone to hire more police, firefighters, or teachers. How much benefit would have come from those alternative uses? Whatever that amount is, it must be subtracted from the visible benefits produced by the stadium investment in order for the net benefits to be revealed.

When an econometric study finds no significant positive effects, and occasionally a significant negative effect, of a new stadium or sports franchise on a metropolitan area, it is telling us the opportunity cost of that investment was as great or greater than the value it produced. It was, in other words, a poor investment. Economically, the community would have been no worse off, and may have been better off, had the subsidy not been given.

Most stadiums do not attract “new money” to a metropolitan area.

Most people have an “entertainment budget” of time and money they are willing to devote to entertainment of any kind. The act of subsidizing a sports stadium does not increase the size of that budget: We are not somehow given more time to devote to recreation, and the price of tickets to see a live game does not go down (for reasons explained below). Consequently, most of the money spent at a sports stadium or arena would have been spent anyway at some other entertainment venue, such as a local theater, bowling alley, night club, or health club.21

A stadium would indeed generate “new money” for a metropolitan area if it attracted a significant percent of its fans from outside the immediate area. This is generally not the case for baseball and basketball, where “the number and frequency of games means that most of the market for ticket sales is metropolitan.”22 Football games, because there are fewer of them and they are scheduled on weekends, draw fans from greater distances. However, the small number of football games—just eight regular season home games—means the total number of fans attending football games is much smaller than the number attending baseball or basketball games.

The few sports teams that do attract fans from outside their immediate areas typically play in facilities (such as Oriole Park in Camden Yards, Maryland) strategically located on the outskirts of major metropolitan areas, in which case the host jurisdiction’s employment and tax revenue gains come largely at the expense of the neighboring jurisdiction. Finally, a few long-established baseball franchises located near the central business districts of major metropolitan

21“Rather than spurring industries that will develop strong export potential, recreational service industries tend to rearrange what has already been produced.” Charles C. Fuchner, supra note 9, page 68.

22“Michael N. Danielson. supra note 9, page 48
areas also draw fans from outside the immediate area. “Polls have shown that more than half the visitors to Wrigley Field [home of the MLB Chicago Cubs] come from more than 100 miles outside Chicago’s city limits.”  

Because the popularity of these teams is so strongly connected to their locations, they are least likely to threaten to relocate.

**Few businesses are attracted by the presence of a sports facility.**

New sports facilities, especially football stadiums, are designed and built in a way that is unlikely to prompt local economic development. The transportation and parking needs of a modern facility require acres of unattractive parking lots and close proximity to a four- or six-lane expressway. In order to capture as much revenue from visiting fans as possible, these stadiums are built like self-contained fortresses, with restaurants, gift shops, hotel rooms, and even night clubs all within their walls. As a result, few fans venture far from the stadiums after a game before heading home.

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Some sports facilities, particularly older baseball-only stadiums such as Fenway Park in Boston and Wrigley Field in Chicago, are physically embedded in well-established business districts and residential neighborhoods. It is plausible, in these cases, that a complementary relationship exists between the stadium and nearby bars and restaurants. Much less plausible, however, is the claim that this relationship is characteristic of newer and larger facilities, or that it extends much more than a few blocks from even an old and beloved stadium’s front door.

Do professional sports teams attract new businesses to a city by subtly shaping the city’s image in the minds of chief executive officers of the Fortune 500? This claim assumes that some CEOs choose new locations for their businesses after having seen a city’s skyline during coverage of a football or baseball game. Just how implausible this is can be demonstrated by asking the following question: Would you buy stock in a company whose CEO decided where to locate the headquarters or a new factory based on where his favorite professional sports teams are based?

There are better ways to capture the attention of site-hunting CEOs. The cover of the September 29, 1997 issue of U.S. News & World Report featured New York Mayor Rudolph Giuliani and was titled “Comeback City.” The subtitle on the front cover read “How much credit

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21Dave Van Dyck, “'Buffy' Slays Cubs on WGN,” Chicago Sun-Timer, January 29, 1998, page 100

“Michael N. Danielson, supra note 9, pages 109ff.
does Mayor Giuliani deserve for New York’s amazing turnaround?" Inside, the eight-page feature article attributed the city’s economic recovery to reducing its crime rate “to its lowest level in 30 years,” eliminating graffiti from the subways, cleaner streets, welfare reform, and a $1.2 billion municipal budget surplus.  

*Business Week* started the favorable reviews in business publications with a December 1995 article titled “A Safer New York City.” Since then, *Fortune* has named New York “North America’s most improved city” and *Plants Sites and Parks* named it one of the top ten “hot spots” for business expansion.

One reason New York can afford to put more police on the street, keep its subways and streets cleaner, and still have a budget surplus is because it hasn’t given in to extortion demands from its two Major League Baseball teams. John Dyson, New York’s deputy mayor for finance and economic development, said in 1996, “The typical funding structure lately has been to get 80 percent from the public and 20 percent from the teams. We think those numbers should be reversed.”

New York City shows how a city can boost its image and gain positive national attention by choosing to sit out the professional sports bidding war.

*Sport stadium revenues are not spent locally.*

The big money in professional sports goes to the team owners and players, who may or may not invest or spend the money in the host community. Much of the subsidy to a stadium goes directly into the pockets of the team owners by raising the re-sale value of their teams. For example, investor Eli Jacobs bought the Baltimore Orioles for $70 million in 1989 and was able to sell it less than four years later for $173 million, a 150 percent appreciation, thanks to the decision by Maryland policy-makers to build a $200 million stadium at taxpayer expense.

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Maryland’s subsidy package included free use of a $200 million made-to-order stadium; the right to raise $80 million from seat licenses; all profits from concessions, parking, and advertising; and payment by the state of any relocation fee charged by the league. 31

As a result of such favorable deals, the value of professional sports franchises has risen dramatically since the early 1980s. 32 A typical NFL franchise in 1997 was worth over $200 million. Following negotiations for a new television contract in early 1998, one sports columnist quoted an executive for the Dallas Cowboys speaking off the record: “I would bet each NFL franchise is now worth at least $100 million more than it was yesterday.” 33 That same source put the value of the NFL Dallas Cowboys at $600 million.

Team owners such as Eli Jacobs are not likely to spend more than a small fraction of their windfalls in the city or state whose taxpayers financed the subsidy. Skilled investors put their money wherever they can get the highest return. In today’s investment world, that could easily be outside of the U.S. Many wealthy people who are not skilled investors pay to have their funds managed by national investment companies, which once again are unlikely to return a substantial portion of the dollars to their state of origin.

Players also get a piece of the action. The enormous salaries paid to athletes in recent years have made headlines around the world. The athletes, their managers, and their unions are simply taking advantage of the “surplus” or excess profits that stadium subsidies help make possible. Professional athletes often do not live for extended periods of time in the communities in which they work. 34 When they leave, their savings and spending go with them. Since professional careers tend to be short and the pay extremely high, professional athletes (and increasingly coaches) place most of their incomes in investment accounts managed, once again, by national firms.

Even part of the money that fans voluntarily give to their favorite teams when they purchase tickets ends up leaving the city. League rules typically require that ticket revenues be shared with franchise owners in other cities, a way to subsidize teams in smaller markets. In the case of the NFL, 40 percent of gate receipts is exported from the community under this rule.

Do stadium subsidies nevertheless benefit fans by reducing the price of tickets? The answer, perhaps surprisingly, is no. Capital subsidies—that is, construction subsidies—may

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32 James Quirk and Rodney D. Fort, supra note 3, chapter 2.


“Charles C. Euchner, supra note 9, Page 72.
reduce a team’s overall costs, but the marginal cost to admit one more fan to a game is unlikely to change. Consequently, capital subsidies are not likely to have any effect on ticket prices.\textsuperscript{31} The lowly fan receives no benefit, and may even face higher ticket prices due to the waste and “gold plating” that the subsidy causes.

Operating subsidies may reduce a team’s marginal costs, but whether that savings gets passed along to fans in the form of lower ticket prices depends on the strength of competing forms of entertainment and the price sensitivity of fans. In markets where competition is strong and demand is “elastic” (that is, where consumers respond to changes in price), a team already has a financial incentive to lower prices to sell more tickets, since the increase in ticket sales will more than make up for the lower ticket price. Ironically, it is only in markets where demand is “inelastic”—where price matters less to fans—that an operating subsidy can create an environment in which lower ticket prices may result.\textsuperscript{36}

\textit{Sports generate low-paying, seasonal jobs.}

While professional athletes are well paid, the great majority of jobs created by stadium development are low-paying, seasonal, and part-time, such as parking cars and selling refreshments during games.\textsuperscript{37} These are not the kinds of jobs that lead to greater economic growth for a region, or position a community to take advantage of national and international trends toward workforces with higher skills and familiarity with advanced technology.

Many economists would agree that low-paying jobs often serve as valuable first rungs on the employment ladder. Young people and people with few skills can use these jobs to learn how to increase their productivity, thereby positioning themselves for better-paying jobs in the future. But research by Robert Baade suggests that growth in the number of low-skilled jobs tends to follow the creation of higher paying jobs,\textsuperscript{38} not the other way around. So the optimal economic development strategy, according to Raade, may be to foster the latter, not the former.

\textsuperscript{31}Dean Bairn, supra note 8, page 12 and endnotes IO and I I.

\textsuperscript{36}Ibid


\textsuperscript{38}Robert Baade, supra note 4, page 29.
Advocates often make unrealistic assumptions about economic impacts.

Common to all sports stadium debates is the “economic impact study.” Such studies, typically commissioned by franchise owners and performed by an accounting firm, estimate the number of people employed by the team and facility owner and their combined salaries. Some percent of these salaries is then assumed to be spent in the community, resulting in greater demand for goods and services, and consequently a second round of new employment and new spending. The total impact of this “recycling” of new money in the community is estimated by multiplying the original salary figures by a “multiplier effect” that typically ranges from 1.2 to 3.

Multiplier analysis, according to Hunter, can be used to justify any public works project, no matter how unnecessary or wasteful it may be.

According to Marquette University professor of economics William Hunter, the multipliers used in economic impact studies routinely make unrealistic assumptions about how much money stays in the community, how much represents new economic activity, and how often the money cycles through the economy. The choice of a multiplier is often arbitrary or made with an eye toward the client’s wishes. Multiplier analysis, according to Hunter, can be used to justify any public works project, no matter how unnecessary or wasteful it may be, because “the expenditure is itself considered community income, so the application of even the smallest multiplier will guarantee community income growth in excess of public expenditure.” Hunter calls this the “Taj Mahal syndrome.”

The convention industry can’t save sports stadiums.

Linking stadiums to convention centers was often said during the early 1990s to be the way to solve the “empty stadium” problem. Groups requiring extremely large meeting facilities—the Boy Scouts of America and Promise Keepers are two groups invariably mentioned in this context—have been said to be sources of income that can make sports stadium financing work. They haven’t.


Ibid., page 6.

centers with more than 300,000 square feet of meeting and exhibit space found annual operating losses averaged 42 percent of revenue. “Convention centers are no more likely than stadiums to produce benefits greater than alternative investments of capital and land, for many of the same reasons: There are too many convention centers chasing too few events; construction and operating costs are inflated by sweetheart deals and public-sector incompetence; and tourists are often discouraged from visiting neighboring businesses by the self-contained nature of the facilities.

Combining stadiums with convention centers usually increases a project’s cost dramatically, making it a bigger sacrifice and risk for local taxpayers. While team owners can be reasonably expected to hire competent facility managers when they own their stadium or lease a public stadium, a convention center typically lacks the equivalent of a major tenant. Convention centers are therefore more complex and difficult to manage than stadiums, increasing the likelihood of poor management and wasted tax dollars.

The convention picture is likely to get worse instead of better. A recent editorial in Crain’s Chicago Business pointed out the reasons:

> [T]he universe of new big trade shows is shrinking. [T]here simply aren’t enough events large enough to justify construction of a domed assembly hall. Chicago already is struggling to till the convention facilities it has

A recent study of a proposed convention center in Boston reached many of the same conclusions.42

Are there “intangible” benefits?

Okay, so stadium subsidies don’t generate any more economic benefits than would have been generated had the money been spent on something else. Still, aren’t there indirect or “intangible” benefits? Sports, after all, are fun! Having a professional sports franchise in town gives fans something to talk about at work and home, a place to go for wholesome family entertainment, and a certain amount of pride in one’s hometown.

“Ibid., page 3.


There is, in fact, a literature describing how sports create a sense of “contrived community” and even advance racial harmony in some cities. 46 Robert Milbourne, executive director of the Greater Milwaukee Committee, was quoted a few years ago as saying “without major league sports, Milwaukee would be like Des Moines,” presumably meaning that Milwaukee would be a less interesting place to visit. While pitching a $540 million subsidy package in 1996 for the Cincinnati Bengals and Cincinnati Reds, Hamilton County, Ohio, Commissioner Bob Bedinghaus would say “the issue is about staking out a vision for what we want this community to look like 25 years from now.”

When Cleveland’s Gateway project recently came under criticism for producing only 2,000 permanent jobs, rather than the 16,800 its proponents had predicted, Thomas Chema, the former spokesperson for the Gateway project, first denied ever making the prediction and then complained that such criticism overlooks the “intangible” benefits of Gateway. The real benefit, he explained, was “image enhancement.” 49

It is probably impossible to measure the contribution that professional sports make to a community’s image or self-esteem. Whatever it is, though, we know it must be weighed against the value that would have been created if the money were spent on something else. This is simply the opportunity cost issue in a different guise. If spent by the public sector, the same investment might have meant new schools, better police protection, roads, parks, or other public facilities. Surely these things would have a positive effect on the community’s image and its residents’ self-esteem.

If the money spent on sports stadiums were left instead in the hands of the public, it might have meant better restaurants, a rejuvenated downtown business district, a new theme park, more amateur sports, and more of the countless other things produced by for-profit and non-profit businesses in the community. Wouldn’t those goods and services have a positive impact on a community’s image? And if more people participated in the kinds of entertainment described here than attend the ten or eleven games typically played at home by an NFL franchise team, would we say the money was truly better spent?

46 Michael N. Danielson, supra note 9, chapter I.


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It often goes unremarked that the sense of pride and identity that may come from hosting a professional sports franchise is only a temporary and delicate thing in light of the many relocations and threats to relocate that now characterize the national leagues. Today’s proud community may experience a deep sense of failure and abandonment when its team repeatedly loses or threatens to move. Football fans in Cleveland experienced this first-hand when the NFL Browns moved to Baltimore. Fan reactions included bomb threats against the owner and angry taunting of players during their final games in Cleveland. Did this grim episode benefit Cleveland’s national image or the self-esteem of the city’s residents?

Another possible indirect benefit of having a professional sports team is that it sells newspapers, which helps to explain why daily newspapers are invariably big boosters of sports stadium subsidies. It is possible, for example, that without Michael Jordan and the Chicago Bulls, Chicago would have only one rather than two daily newspapers. It may even have happened in some city, somewhere, that the presence of a professional sports team kept alive a newspaper that otherwise would have gone under, and that newspaper then uncovered government corruption or a hidden public health risk, benefiting thousands or millions of people. Given the popularity of the sports sections of many newspapers, this is not an entirely implausible scenario.

One supposes that there must be less expensive ways than building sports stadiums to finance investigative journalism and reporting on public health hazards. Be that as it may, the better response is to point out that it may have happened in some city, somewhere, that the decision to finance a new hospital rather than a stadium resulted in the discovery of a new drug or vaccine that reduced suffering for millions of people. Or the renovation of a city’s historic business district led to the return of major employers and residential developers who, had a stadium been built instead, would have decided to locate elsewhere.

These counter-examples demonstrate the overly hypothetical nature of the “newspaper argument.” Such claims about what may or might happen cannot be proved or disproved. They do not contribute to an informed debate.

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50 “We have found evidence that people’s optimism and moods are elevated after a victory. But a loss seems to affect them to even greater proportions in a negative form.” Ed Hirt, professor of psychology, Indiana University in Bloomington, quoted in Bob Condor, “It’s Only a Game!” Chicago Tribune, November 27, 1997, Section 5, page 3.