Sport and The Economy
Eitzen & Sage Chapter 10

KIN 101
Sport in America
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Sport IS Big Business!

- Must differentiate *corporate* sport from *informal* and *organized* sport
  - Corporate sport refers to sporting activity “dominated by factors...extrinsic to sport itself” (p. 210)
- $$ is the foundation and profit margins guide decisions about sport (even “amateur” sport)

Facts for 2000

- Generated $212.53 billion (2X the auto industry!)
- Team operating expenses for the big 4 sports=$19.23 billion
- Sport advertising amounted to $28.25 billion
- Broadcast rights=$10.57 billion
- Facility construction=$2.49 billion
- Gate receipts=$22.56 billion Fans spent $ 44.47 billion
- Medical costs for athletes=$4.1 billion

Who Benefits Economically from Sports?

- Small percentage benefit directly
- Only 3,100 pro athletes in the “Big 4” sports!
- So all those billions from the last page are generated by a very small number of people
- Pros can make big $ but often careers are short (3.4 years for a pro football player average)
- BUT not all pros make a living...
Who Benefits Economically from Sports?

- Coaches, agents, umpires, refs, and medical specialists all make livings off of professional sports.
- MANY auxiliary businesses: Hotels, taxis, food service, etc.
- Not surprising that cities can be generous to sports teams considering the substantial economic benefit.
- However, corporations are the biggest beneficiaries of “corporate sport.”
- Sport is seen as a way to directly target consumers in order to sell products and services.

Who Benefits Economically from Sports?

- How many ballparks and stadiums have corporate names? How many can you think of?
- How about NCAA bowl games?
- Why do they spend billions for naming rights?
- How about the Olympics? Some argued that the Los Angeles Olympics in 1984 ushered in the era of blatant corporatization of the games.

Pro Sports are a Monopoly

- Self regulating “cartels”
- Teams make agreements based on mutual interests (think OPEC)
- Advantages:
  - No competition (geographically)
  - No price cutting by competitors
  - Keep number of teams limited in order to maximize profits
  - Can negotiate TV rights for all as a group (NFL = 75 million per team through 2005!)
Pro Sports are a Monopoly
- Players bargaining power is severely limited by the monopoly
  • Public subsidization of Pro Teams
  • Two subsidies:
    - 1) Tax breaks
    - 2) Arenas at very low cost
  • Tax Breaks:
    - Even paper or operating losses are offset by significant tax advantages
    - Player salaries can be depreciated!
    - Player ARE property in a sense

Pro Sports are a Monopoly
- Wealthy individuals use teams to offset mega personal income
  • Sports facilities at low cost
    - Good for the city – right?
    - Yes...but 1) drains gov’t resources for building costs 2) deflects money away from other things 3) not all benefit equally form the revenue generated but rather only a small % of mostly wealthy people.
    - Taxpayers end up paying the costs in most cases

Pro Sports are a Monopoly
- Public subsidy of sports (cont)
  $ While the team’s presence may enhance its image, there are reasons to doubt the contention that it will bring substantial economic growth
  $ drain of government resources, including contractors and loss of rent, etc.
  $ low-pay, temporary jobs
  $ contractors often not local

Pro Sports are a Monopoly
- sports attract franchises (rather than local businesses)!
  $ limited incomes means sport may benefit, but not everyone
  $ services to already disenfranchised go to...the franchise!
  $ costs are underestimated and profits overestimated
### Capitalist interests and the state:

- Corporate interests have always been infused in political decisions
  - Standard Oil, Firestone, and other corporations opposed mass transportation in Bay Area
- Role of state, in part, is to secure and protect markets that support American capitalistic interests
  - BUT: state must at times incorporate other interests as well to maintain hegemonic power (e.g. environmental laws, etc.)

### Capitalist interests and the state:

- You scratch my back, I’ll scratch yours
  - The state routinely creates conditions that favor corporate interests
    - Think about current cuts in federal PROGRAMS for people in need
  - Corporate infiltration of high-level politics
    - Interests in weapons-building, overseas interests, aircraft, and electronics
    - Halliburton?
  - As always, exceptions and counterhegemonic practices and policies
    - Medicare and other social services

### Capitalist interests and sport:

- In short, similar process.
  - Capitalist class buys into institution, and thus has most say in what sport is, does, and to some extent means
  - As federal government does, local govs. Also facilitate sport corporate accumulation
    - Stadiums

### Corporate sport: The 6 essentials

- $ Market economy, where material rewards are valued
- $ Metropolitan areas, both for actual support and media market
- $ Leisure time and resources (e.g. transportation, expendable $, etc.)
- $ Capital investments with expectations of return!
Corporate sport: The 6 essentials

$ Consumer cultures
  $ “Branding sports” So, corporate sponsors attach name brand to what is essentially another brand or logo!
  $ Some counterhegemonic movements (i.e. Candlestick’s legacy)
  $ Seeing $ everywhere reminds us that it IS a business!
  $ Celebrity/status centered (From iPod to Air Jordan’s)
  $ We identify celebrity with corporate identity

Corporate identification exercise

• Take a few minutes to list all stadium/arena related corporate names, OR athlete related logo names...

So...Corporatization is Normalized

$ Sport places have been branded
$ Sport events have been branded
$ Athletes have been branded

  Branding has come to be accepted by many as necessary and non-political Nike for example

With commercialization...

$ Control shifts away from athletes, and decisions are less likely to reflect their interests
$ Control shifts toward owners, corporate sponsors, advertisers, media personnel, marketing and publicity staff, professional management staff, accountants and agents
$ Athletes tend to defer to decisions of these people, because their financial interests are at stake
Critical Issues & Questions

• Government involvement in sports often fosters the interests of some people more than others

• When government support occurs, priority often goes to elite sports
  - more likely to be organized and to have resources that can be dedicated to political lobbying