

CHAPTER 5

SPORT AND THE ECONOMY¹

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LEARNING OBJECTIVES

After reading this chapter, students will be able to:

1. Differentiate between the leisure and laboring classes.
2. Apply the relationship between the proletariat and bourgeoisie to labor issues in sport.
3. Explain the commodification of sport and provide examples.
4. Critique the use of public funds for sport stadiums.

INTRODUCTION

Consumer spending on sport and recreation represents a significant part of the domestic and global economy. In 2017, US consumers spent over \$56 billion to attend sporting events and another \$33 billion on athletic equipment, and \$19 billion in gym memberships; this spending totals to more than \$100 billion expenditures on sport and recreation over the course of a year (Egan, 2017). In addition, the entire worth of the North American sport industry (for products and services related to sport and physical activity in the US) was estimated to reach \$73.5 billion by 2019 (Heitner, 2015). Specific elements of the industry, such as media rights deals, athlete salaries, and recreational sport expenditures provide additional support for the significant role of sport and recreation in the economy.

There has been dramatic growth in the value of media rights fees paid to sports properties. In 1970, television networks paid \$50 million to broadcast the NFL. By 2010, the three major network stations (ABC, CBS, NBC) and one cable station (ESPN) paid a combined \$2.9 billion annually to broadcast NFL games (Ourand, 2011). Adjusted for inflation, the value of the initial NFL rights deal is approximately \$281 million, and the value of the MLB deal is approximately \$49.4 million. As of 2011, the NFL deal was worth a staggering 932% more than the deal in 1970. As of 2019, the NFL deal for all five networks reached a total of \$7 billion annually, another 141% increase in just eight years (Statista.com).

Examples of broadcast rights deals for other sport properties involve less dramatic but still substantial sums: CBS/Turner Broadcasting Network pays approximately \$1 billion per year for the right to broadcast the NCAA men's basketball tournament (Tracy, 2016); CBS and NBC pay \$491.7 million for rights to broadcast PGA tour events (Ourand, 2011); and ESPN, Fox Sports, and Univision pay a combined \$90 million annually for the rights to MLS games, up from \$17.9 million in 2011 (Ourand & Botta, 2014). There has been a significant increase in the value that media place on the rights to sport events, and that the increase in media rights deals cannot be explained by inflation.

Athlete salaries in the professional sport leagues have also skyrocketed in recent years. In 1990, the average salary for an NFL player was \$354,000, and the median base salary was \$275,000. By 2010, the average NFL salary was \$2 million and the median base salary was \$906,000. In MLB, the average salary in 1990 was \$598,000, which increased to over \$3 million by 2010 (US Census Bureau, 2011). In 2018, the average salary for an NFL player was \$2.7 million, with the highest paid players making upwards of \$20 million per year (Renzulli, 2019). Similar trends are seen in niche sports like professional rodeo. In the last 20 years, the number of professional rodeos has decreased, but the total prize money has more than doubled, from

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\$18.2 million in 1990 to a total of \$1 billion in 2018 (Renck, 2018). The economic significance of sport is not limited to professional or spectator sport. In 2017, the youth sport industry in the US was estimated at \$15 billion (Gregory, 2017), a rise of 55% from 2010.

The figures presented here do not represent the entirety of sport consumption in the economy; instead, they indicate the magnitude of sport-related spending in recent years. It is clear that sport is an important economic institution. Yet, sport is also an important social institution. Sport consumption and sport participation both affect and are affected by the social systems in which they are embedded. In this chapter, we examine the relationship between sport and the economy, and in doing so, present three sociological approaches: the theory of the leisure class, commodification and Marxist critiques of sport, and political economy/growth coalition theory. These theoretical and conceptual approaches provide the foundation for understanding the decisions made at an individual level (i.e., sport consumption and participation) and at the community level (i.e., public subsidization for private sport).

THEORY OF THE LEISURE CLASS

Consider the following: you are a sport management student and golf enthusiast who is working at the pro shop of a neighborhood country club to earn money to help pay your tuition. While taking a short break during your shift, you see a man get out of his Mercedes and remove his Louis Vuitton Damier Geante golf bag (retail price \$8400). He is a regular customer of yours, and you know that his golf bag includes top-of-the-line Majesty Prestigio clubs (retail price over \$10,000) and Tourstage V10 Limited balls (retail price \$55 a dozen). As he walks by, you notice his custom-made John Lobb golf shoes (retail price \$5000), his Oakley sunglasses (retail price \$375), and his J. Lindeberg golf shirt (retail price \$165).

So, what conclusions can you draw about the individual you just observed? Maybe you felt a bit of jealousy, as you thought about the high-end equipment and accessories your customer had. Could you make a reasonable guess about his annual income? Net worth? Social class? Family background? Based on his possessions (and your mental tally of what those possessions cost), you might assume that he is someone who is either wealthy himself, or that he is someone who comes from a wealthy family. In addition to his possessions, the fact that he is a member of the country club and is able to spend time playing tennis in the middle of a workday provides clues to his social class and status. People communicate their social status to others by their possessions and the ways in which they spend time. This example illustrates the basic idea behind the theory of the leisure class.

At the turn of the 20th century, Thorsten Veblen published *The Theory of the Leisure Class: An Economic Study of Institutions*. Veblen was trained as an economist, but he believed that economics did not allow for an understanding of the social causes and effects of economic change. Prior to the publication of *The Theory of the Leisure Class*, consumption was viewed in the context of neoclassical economic theory. Individuals were seen as rational actors who would act in a way to maximize their utility (i.e., satisfaction received from the consumption of a good or service). Veblen's theory of the leisure class was one of the earliest attempts to understand economic behavior in the context of social relations and social class rather than strictly through the lens of normative economic science.

In order to understand the theory of the leisure class and how it applies to sport consumption and participation, a definition of leisure is required. Leisure is the non-productive consumption of time. Individuals have a finite amount of time available during the day, and they will allocate their time to either leisure or labor. The way in which individuals choose to allocate their time determines the status of individuals, and as a result, two distinct classes emerge – the leisure class, which is the superior pecuniary class, and the laboring class, which is the inferior pecuniary class. In the golfer example described above, we saw two individuals. The first was an employee of the pro shop and needed to work in order to earn money that could then be used to cover expenses. The second individual was seemingly free from this pressure to work.

This highlights the key characteristic that distinguishes the leisure class from the laboring class. Members of the leisure class are exempt from employment necessary for the accumulation of goods (i.e., useful employment). Historically, members of the leisure class pursued occupations including public/government service, the military, the priesthood, and in some cases, sport. These occupations were distinctly non-industrial and were considered honorable and worthy. Unlike the leisure class, the laboring classes cannot avoid productive employment, and laboring is the accepted mode of existence for lower classes. In order for the laboring classes to accumulate goods, they must engage in productive labor, which provides the means for such accumulation.

The accumulation of goods is important as evidence of an individual's social class. Return to the example at the pro shop for a moment, and imagine that you saw your customer at a thrift store, without the pricey sunglasses and clothes. In this case, there would be little to signal his status. In order to establish leisure class bona fides, individuals have to be able to display their wealth and power, which can be done through conspicuous consumption and conspicuous leisure.

Conspicuous consumption is lavish expenditure on consumer goods or services. Luxury goods belong to the leisure class, and consumption of luxury goods (e.g., cars) is evidence of the leisure class's pecuniary or economic superiority. According to Veblen, "it becomes indispensable to accumulate, to acquire property, in order to retain one's good name." (1899 [1994], p. 29). Whereas conspicuous consumption refers to the possessions that an individual acquires, conspicuous leisure refers to how an individual spends her or his time. Conspicuous leisure is participation in extensive and visible leisure activities to display social status. Conspicuous consumption and conspicuous leisure demonstrate that individuals in the leisure class are able to "waste" their money on inessential goods and "waste" their time on inessential activities. The luxury of being wasteful provides evidence of the wealth and status of the leisure class (Trigg, 2001).

The ability of members of the leisure class to accumulate belongings and spend time engaged in nonproductive activities (e.g., golf) confers an honorable status on these individuals. As a result, members of the lower classes want to imitate the consumption behaviors and activities of the members of the leisure class, a condition that Veblen calls pecuniary emulation. If individuals accumulated possessions for the purpose of fulfilling basic needs, there would eventually be an end to the accumulation. However, because individuals strive to increase possessions in order to obtain the status of the leisure class, the pressure to "keep up with the Joneses" continues ad nauseam.

Sport Participation as Conspicuous Leisure/Consumption

Members of lower socio-economic groups are less physically active than members of higher socio-economic groups. The Behavioral Risk Factor Surveillance System (BRFSS) conducted by the Centers for Disease Control (CDC) provides data on various health-related behaviors, including exercise and physical activity, for individuals in the US. When asked whether or not they had exercised in the last 30 days, 75.4% of respondents indicated that they had exercised in the last 30 days. If the responses to this question are viewed by income level, it becomes apparent that individuals with lower socioeconomic status exercise less than individuals with higher socioeconomic status. Only 55.9% of individuals who earn less than \$10,000 reported exercising in the last 30 days, whereas 87.2% of individuals earning more than \$75,000 reported exercising. The BRFSS also asked adults whether they met the recommendation of 30 minutes or more of moderate physical activity five or more days per week, or vigorous physical activity for 20 minutes or more three or more days per week. The responses to this question provide additional support that more individuals with higher socioeconomic status meet the national guidelines for physical activity than those with lower socioeconomic status. For the national sample, over half of the individuals earning \$75,000 or more met the guidelines, whereas only 38.1% of those making less than \$10,000 met the guidelines. Exhibit 5.1 provides a complete breakdown of physical activity by socioeconomic status, and the topic is discussed further in Chapter 3.

This pattern is not unique to the US. Sport England, the organization that is charged with the promotion and provision of grassroots sport in England, found similar results in its nation-wide Active People Survey. The sports participation measure counted the number of adults who participate in at least 30 minutes of moderate intensity sport at least three times per week. From November 2016 to November 2017, 71% of individuals employed in managerial and professional occupations indicated sport participation. Only 49% of individuals who were employed in low supervisory/technical occupations, semi-routine and routine occupations, students, and the unemployed indicated sport participation at the recommended level. This finding, in particular the inclusion of the unemployed, provides support for the theory of the leisure class and suggests that the decision to participate in sport is not solely a function of having time available to participate.

Exhibit 5.1: Adults Meeting Physical Activity Guidelines, by Income

Income Level	Meet PA Recommendations	Not Enough PA	Sedentary Lifestyle
< \$10,000	38.1	34.1	27.8
\$10,000 - \$14,999	37.2	36.2	26.6
\$15,000 - \$19,999	39.7	37.3	23.0
\$20,000 - \$24,999	44.2	37.3	18.5
\$25,000 - \$34,999	46.1	39.4	14.4
\$35,000 - \$49,999	49.0	39.7	11.4
\$50,000 - \$74,999	52.2	39.3	8.5
> \$75,000	55.9	37.4	6.7

Source. Centers for Disease Control and Prevention.

The theory of the leisure class has application beyond participation numbers. There are certain sports (e.g., skiing, golf) that confer greater status benefits than others because of the wealth necessary for participation (Edensor & Richards, 2007). Skiing takes the form of both conspicuous leisure and conspicuous consumption. In order to participate, an individual must be able to afford all of the equipment (e.g., skis, boots, lift tickets) that constituted a \$533 million segment of the sporting goods industry in 2010. For most adults, skiing also requires travel to a ski resort, which requires the means to afford the cost of travel and the time engaged in unproductive employment. Not surprisingly, individuals who earn more than \$100,000 per year accounted for almost two-thirds of all skiers in 2015 (Belin & Belcher, 2015) In golf and tennis, high-earning individuals (\$75,000 or more) accounted for over half of the participants.

Similar status gains can be observed through the simultaneous conspicuous consumption and conspicuous leisure associated with youth sport. However, in youth sport, the participation and consumption of children reflects the status of the parents. For children, sailing, surfing, and skiing are classified as glide sports, which are practiced in specific environments and are commonly provided through profit-oriented businesses (Taks & Scheerder, 2006). In order for a child to participate in these glide sports, the parents must have the means to provide participation opportunities. In the case of aspiring elite figure skaters, parents can spend as much as \$50,000 a year on skates, coaching, choreography, costumes, and ice rental, in addition to dedicating their time to their children's daily practice sessions (Grenfell & Rinehart, 2003; Mulhere, 2018).

So, all sport participation is not equal. While participation in the expensive sports previously listed do confer status on their participants, other sports have become the province of lower classes. These sports that are associated with lower classes include boxing, rugby, bodybuilding, and football (Bourdieu, 1978). The association of sports with either the upper class or the lower class can be explained by economic capital, cultural capital, or a combination of the two. According to Bourdieu (1978), cultural consumption requires appropriate preferences and tastes as well as skills and knowledge. He calls this concept cultural

capital. Cultural capital varies by social class, so individuals in the leisure class would develop appreciation for certain activities, including sport, and individuals in lower classes would develop appreciation for other activities, depending on the norms of the class. Economic capital also plays a role, as sports that are preferred by the lower classes tend to be inexpensive.

Sport Team Ownership as Conspicuous Consumption/Leisure

The ownership of professional sport teams can also be viewed as a form of conspicuous consumption and leisure. In 2018, the value of professional sport franchises in North America ranged from \$5 billion (the Dallas Cowboys) to \$290 million (the Phoenix Coyotes). For many team owners, ownership of a sports team is a very visible form of conspicuous consumption and leisure. The escalating values of sport teams make the purchase of a franchise a possibility for only the very rich. A 2018 list of the richest Americans includes several individuals with ownership stakes in sport. Larry Ellison is the co-founder of Oracle and has a net worth of \$62.5 billion. An elite yachtsman in his own right, he purchased the BNP Paribas Open and the Indian Wells Tennis Garden facility. Paul Allen, the founder of Microsoft with a net worth of \$17 billion, owns the Portland Trailblazers and the Seattle Seahawks and is part owner of the Seattle Sounders.

Given that an individual must already be wealthy in order to purchase the team, team owners do not rely on the financial success of their team to continue their accumulation of wealth. Many sport team owners have either inherited their fortunes or made their fortunes in non-sport enterprises. Because of this, their role as owners of a sport team is a form of conspicuous consumption. Consider the example of Mark Cuban, the owner of the NBA's Dallas Mavericks. Cuban made his fortune when he sold Broadcast.com to Yahoo for \$5.7 billion in 1999. Cuban's management of the Mavericks suggests that he is not motivated by a desire to maximize profit; rather, he has shown a willingness to spend whatever is necessary to produce a winning team. As a member of the leisure class, Cuban is willing to spend in a way that reflects conspicuous consumption. During the championship celebration in Miami, Cuban reportedly bought a bottle of champagne worth \$90,000 and paid for a celebratory parade when the city of Dallas cited budget pressures as a reason they would not be able to do so.

Socioeconomic status can serve as a proxy for one's social class, but annual income or net worth does not automatically determine whether an individual is a member of the leisure class. Recall that leisure is the non-productive use of time. For members of the leisure class, their wealth allows them to dedicate their time to unproductive activities. Consequently, while many professional athletes are rich, their sport participation is not reflective of their status as a member of the leisure class. Rather, in this context, there has been a fundamental transformation of elite sport into productive employment. Whereas athletes previously engaged in sport without expectation of pecuniary gain, sport today is seen as a productive occupation (rather than conspicuous leisure).

Forbes magazine compiles a list of the most powerful individuals in the entertainment business each year. The individuals on this list are evaluated based on their entertainment-related earnings, among other variables. In 2010, this list included 19 athletes, with combined annual entertainment-related earnings of \$647 million. By 2018 there were 33 athletes with combined earnings of \$3.8 billion. This list includes professional boxers, golfers, tennis players, international soccer stars, racecar drivers, as well as representatives from the five major professional sports leagues in North America. A complete list from 2018 is provided in Exhibit 5.2. While these athletes' earnings (and their celebrity lifestyles) put them in the highest socioeconomic groups, their sport participation is quite different from the concept of sport as conspicuous leisure advanced by Veblen.

COMMODIFICATION OF SPORT/MARXIST CRITIQUES

Take a moment and make a list of all of the goods and services you have consumed in the past month that are related to sport and recreation. Did your list include any of the following: fantasy sport teams, gambling, tickets to spectator sports, all-league broadcast packages, gym memberships, donations to your college athletic department, internet sport sites? Were you surprised by how many ways you can spend money on

sport? As sport and recreation become increasingly commercialized, there are more and more opportunities to spend money to enjoy sport as a leisure activity.

Whereas Veblen believed that the relationship between the labor and leisure class was one characterized by emulation, Marxist theory views the relationship between the two classes as inherently antagonistic. The bourgeoisie is the ruling capitalist class that controls the factors of production. The proletariat comprises the workers who provide labor for the bourgeoisie. These two classes are engaged in constant struggle as the ruling class exploits the laborers to maximize surplus value (i.e., profit). In *The Communist Manifesto*, Marx and Engels offered the following criticism of the bourgeoisie who control the factors of production:

The bourgeoisie, wherever it has got the upper hand...has left no other nexus between people than naked self-interest, than callous "cash payment." It has drowned out the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom -- Free Trade. (1848 [1992], p. 5)

Exhibit 5.2: Celebrity Athletes on the Forbes Celebrity 100 List, 2018

Rank	Athlete	Sport	Earnings
1	Floyd Mayweather	Boxing	\$285million
8	Lionel Messi	Soccer	\$111 million
10	Christian Ronaldo	Soccer	\$108 million
12	Conor McGregor	Mixed Martial Arts	\$99 million
13	Neymar	Soccer	\$90 million
17	LeBron James	Basketball	\$85.5 million
23	Roger Federer	Tennis	\$77.2 million
24	Stephen Curry	Basketball	\$76.9 million
29	Matt Ryan	Football	\$67.3 million
36	Matthew Stafford	Football	\$59.5 million
43	Kevin Durant	Basketball	\$57.3 million
47	Lewis Hamilton	Auto Racing	\$51 million
51	Russell Westbrook	Basketball	\$47.6 million
56	James Hardin	Basketball	\$46.4 million
62	Canelo Alvarez	Boxing	\$44.5 million
66	Tiger Woods	Golf	\$43.3 million
67	Drew Brees	Football	\$42.9 million
69	Sebastian Vettel	Auto Racing	\$42.3 million
70	Derek Carr	Football	\$42.1 million
72	Rafael Nadal	Tennis	\$41.4 million
73	Alex Smith	Football	\$41.4 million
74	Phil Mickelson	Golf	\$41.3 million
75	Jordan Spieth	Golf	\$41.2 million
79	Damian Lillard	Basketball	\$39.2 million
80	Anthony Joshua	Boxing	\$39 million
82	Rory McIlroy	Golf	\$37.7 million
87	Trumaine Johnson	Football	\$37 million
90	Jimmy Garoppolo	Football	\$36.2 million
91	Kyrie Irving	Basketball	\$36.1 million
93	Giannis Antetokounmpo	Basketball	\$35.5 million
95	Blake Griffin	Basketball	\$35.5 million
96	Ryan Tannehill	Football	\$35.2 million
97	Von Miller	Football	\$35.1 million

Source: *Forbes*.

The goal of the bourgeoisie is capitalist accumulation. In order to continue capitalist expansion, new markets have to be created and goods and service distributed within them. Within these new markets, the laborer exchanges labor for wages and then exchanges wages for goods and services that meet his or her leisure needs. This expansion of markets is enabled by commodification. Commodification is the transformation of goods, services, or relationships into commodities that are bought and sold in market-oriented exchange.

As commodities produced for exchange become the dominant objects in a leisure activity, the leisure activity itself is transformed (Butsch, 1984). We see this in the transformation of play into sport. According to Frey and Eitzen (1991), play is:

an activity where entry and exit are free and voluntary, rules are emergent and temporary, fantasy is permitted, utility of action is irrelevant, and the result is uncertain. Play has no formal history nor organization; motivation and satisfaction are intrinsic; and the outcome does not have serious impact beyond the context of the activity. (p. 508)

Play is explicitly unproductive, which is consistent with Veblen's description of leisure class occupations. Over time, the commodification of play and games resulted in the organization of sport that we have today. The consequences of commodification are revealed in the changes made to games to make them more media-friendly and more appealing to consumers. Examples include the introduction of the shootout by the NHL and the shot clock and 3-point shot by the NBA. At the college level, fans' passion for their team turned into a commodity. Students are encouraged to join supporter groups as evidence of commitment to the team and the university. At Temple University, the Wild Cherry Owl Club "encompasses all students who desire a closer connection to Temple's athletic programs." Students can purchase this "closer connection" for \$110 per year. Finally, Olympic sport and its associated ideals (peace, excellence, skill, friendship) are turned into commodities that are sold to sponsoring corporations.

As sport organizations are commercialized and commodified, the conflict between the proletariat and the bourgeoisie exhibited in issues related to the distribution of profits between the two classes. While the term proletariat is associated with the working class, we see the conflict over profits even when the laborers are not impoverished. Because of their economic significance, the NCAA and professional sport leagues provide recent examples of this conflict.

NCAA

The primary purpose of the NCAA is "to initiate, stimulate and improve intercollegiate athletics programs for student-athletes and to promote and develop educational leadership, physical fitness, athletics excellence and athletics participation as a recreational pursuit" (NCAA, 2011). The cornerstone of the NCAA is the idea of amateurism, which prohibits an athlete from receiving any pecuniary reward in relation to his or her athletic participation.

The NCAA is a nonprofit organization, and nowhere in the organization's mission statement or expression of core values is there any indication of extent to which college sport has been commodified or the financial status of the organization. According to the organization's tax filings, in 2017, the NCAA generated total revenues of over \$1.06 billion, including over \$761 million from television rights fees. As a nonprofit organization, the NCAA is prohibited from generating "profit." There are no "owners" to whom profits would be paid, yet the president of the NCAA received compensation totaling \$2.4 million, a rise of 42% from his base salary in 2015. The NCAA's total reported surplus was over \$104 million in 2017, up from \$38 million in 2009.

The NCAA has frequently been criticized for the commodification of college sport. The NCAA's response is that the amateur ideal pertains only to the athlete, not the "enterprise" ("NCAA.Commercialism," n.d.). In a March 2011 column, a syndicated sports columnist wrote, "smart people need to figure out a way to financially compensate the football and basketball players who generate the cash...this is America. The people who produce the profits are supposed to benefit from those profits" (Whitlock, 2011). If this comment were viewed through a Marxist lens, one could argue that the capitalist system of America is what contributes to the perceived inequalities and unfairness of the system. The NCAA exercises complete control of the college athlete and college athletics, and the surplus accrue to those who control the sport system.

The exploitation of the labor of college athletes also generates surplus value for universities and their athletic departments, as illustrated by the case of the University of Texas at Austin. In 2018, the football team generated \$144.5 million in revenue, up from \$63.8 million in 2008. This includes the sale of \$32 million of Longhorns merchandise, which accrued to the athletic department (Berkowitz, Jan 2019; Gwynne, March 2010). In this case, the athletic department has commodified the athlete-laborer by selling a jersey with the athlete's name on the back, and the athlete is expressly prohibited by the NCAA and its amateur ideal from reaping any of the financial gains made possible by the athlete's performance and success.

Professional Sport

The situation in professional sports is influenced by the same sense of exploitation and alienation of labor. The league establishes the rules, the owners control the means of production, and athletes generate substantial profits for the professional sport ruling class. The fact that professional athletes are paid for their services does not change the fundamental relationship between the athletes and the league and team owners; it only changes the magnitude of the financial profit involved. The perceived exploitation of professional athletes is revealed in recent comments made by host Bryant Gumbel (2011) during an episode of HBO's "Real Sports":

[Stern's] comments were typical of a commissioner who has always seemed eager to be viewed as some kind of modern plantation overseer treating NBA men as if they were his boys...his moves are intended to do little more than show how he's the one keeping the hired hands in their place.

In both the 2011 NFL and the NBA lockouts, one of the contentious issues was the distribution of league revenues. In the NFL, both sides eventually agreed to a deal in which players would get 48% of league revenues, and the owners would keep 52%. In the NBA, the owners and players also had to determine how \$4 billion in league revenue would be split. In both cases, several other issues in the CBA were in dispute, but the split of revenue highlights the conflict between owners and labor – a conflict that is created and maintained by the dominant capital accumulation logic.

Sport as an Opiate of the People

While professional sport provides the medium for the conflict between those who control capital and those who provide labor, sport can also be used to stabilize the dominant capitalist system and reinforce the social hierarchy. In his Critique of Hegel's *Philosophy of the Right*, Marx suggested that religion created illusory happiness for the masses. As "the opium of the people," religion prevented the people from seeking true happiness, which would be possible only through the abolition of the capitalist system. It has been suggested that sport has replaced religion, as it can be seen as an "ideological tool, misleading the masses to sustain bourgeois control" (Giulianotti, 2005, p. 32).

In the early industrial period, factory owners encouraged their workers to form sport teams in order to build loyalty and create a norm of teamwork (Budd, 2001). Several of today's professional teams have roots in the factory teams of the late nineteenth and early twentieth centuries. Workers at the Royal Arsenal, an armaments manufacturer, originally formed the British soccer team Arsenal. The modern-day Chicago Bears were originally located in Decatur, Illinois, where the team was known as the Decatur Staleys and

consisted of employees of the A.E. Staley food starch company. As employers provided organized sport for laborers, the laborers could be distracted from the ongoing class struggle. In addition to providing a distraction or amusement, sport reallocates resources (e.g., time, money, critical thought) away from the class struggle to sport. This is the case for sport spectators as well as sport participants. As early as ancient Rome, entertainment was used to placate and distract residents from the unpleasant realities of their condition, and the result was citizens who longed for only “bread and circuses.” Today, spectator sports function as the “circuses” that reinforce the cultural and social order.

SPORT STADIUMS AND POLITICAL ECONOMY

A Marxist interpretation suggests that sport is organized to maximize the gains that accrue to those who control the mode of production. Thus far in this chapter, the commodification of sport and the struggle between those who own the mode of production and those who labor for others’ benefit have been discussed. The struggle between classes is also relevant to the political economy of sport. Political economy “interrogates economic doctrines to disclose their sociological and political premises” (Maier, 1987, p. 3).

An issue that is particularly relevant to the political economy of sport is the way in which gains are privatized but costs are socialized. The increasing commercialization and commodification of sport has created a condition in which many sport products and services are monetized in the capitalist system. In spite of the fact that the bourgeoisie at all levels of sport realize the profits from the production and exchange of goods and services, the associated costs are socialized in various ways. For example, when someone purchases a professional sport team franchise, she or he may be able to deduct the cost of the team from their income taxes. The team owner realizes profits from the team, but the taxpayer bears an implicit cost of foregone income tax receipts from the team owner. Similarly, because the NCAA is incorporated as a nonprofit organization (as mentioned earlier in this chapter), it is exempt from federal, state, and local income taxes, state and local property taxes, and state and local sales taxes. This is another form of implicit subsidy provided by taxpayers.

The development of a new sport stadium provides a more explicit example of socialized costs and privatized benefits. During the period between 1990 and 2006, 82 new professional sport facilities were built, at an average cost of \$250 million. The cost of state-of-the-art sport facilities continues to rise, and in recent years we have seen the advent of the billion-dollar stadium (e.g., New York Yankees stadium in Brooklyn, Dallas Cowboys stadium in Arlington). In fact, the new stadium in Inglewood, CA that is home to the Rams and Chargers is currently projected to cost \$2.6 billion. This sport facility trend is not limited to major league facilities in major urban centers. According to *Street and Smith’s Sports Business Journal*, 78 minor league sport markets had completed construction on at least one new or substantially renovated facility between 2012 and 2017.

If these facilities were built with private funds, their sociological importance would be as evidence of (a) conspicuous consumption by team owners, or (b) the increasing commodification of spaces for sport. However, because these new stadiums are rarely financed entirely by the team owners, the decision to undertake a sport facility project is a reflection of how these projects socialize costs while privatizing benefits.

With few exceptions (e.g., Minneapolis’s Target Center, Milwaukee’s Bradley Center, Boston’s Fleet Center), new sport facilities are financed through a public-private partnership. In a public-private partnership, the sport team provides part of the funding for the project and the government provides the rest. An estimated \$17 to 24 billion of public (i.e., taxpayer) funds have been spent on these sport projects since 1990 (Long, 2006). While the cost of the facility is typically shared between the public and private sectors, the same is not true of the facility’s revenues. New stadiums are designed to maximize revenues by transforming food and drink, socialization, entertainment, and the relationship with the team into commodities. Team owners almost exclusively capture the revenues derived from these facility enhancements.

Historically, sport stadiums were completely private ventures. In the early 20th century, team owners constructed eponymous stadiums with their own money or resources (e.g., Comiskey Park, Ebbetts Field). Through this commodification of the game and the sporting space, team owners were able to increase their own profits by excluding any potential spectators who were unwilling to pay the entrance fee. By the 1970s, the public provided nearly all of the funding for new sport facilities. Eighteen of the 22 sport facilities built between 1970 and 1984 were completely financed by local governments, and two other facilities received public funds that covered 90% of facility costs (Crompton et al., 2003). In the ensuing decades, the public's share of facility financing has decreased, but because of the increasing cost of construction, taxpayers are paying more real dollars than at any other time in history.

The first issue to address is why the public would become involved in the finance of a private enterprise. Elected officials face pressure to deliver economic growth and revitalization in the areas that they serve. Stadium supporters claim that economic benefits such as job creation, increases in resident income, and area redevelopment would result from the presence of a sport stadium. Academic research on the economic impacts of sport stadiums has overwhelmingly found that sport facilities have either a negligible or negative impact on employment and income in host communities (Siegfried & Zimbalist, 2000). Additionally, public opposition to subsidization of sport stadiums has grown as citizens become more knowledgeable about supporters' claims. Public funding of stadiums is commonly viewed as a form of corporate welfare. In fact, a primary argument against providing public subsidies to finance sport projects is that team owners are millionaires or billionaires with access to well-developed capital markets. Still, in spite of this, public subsidization of sport facilities persists.

If a rational economic approach were used to make decisions about public subsidization, a cost-benefit analysis would be conducted at the community level. A project would only be pursued if it produced net benefits for the community (i.e., the total societal benefits were greater than the total societal cost). Few sport facility projects would be able to demonstrate net benefits, and it would be unlikely that a community would provide the funds for construction – if that was the only basis for the decision. However, economic decisions are subject to social and political influences and are not determined only by economic factors. Thus, economic reasoning provides a normative analysis of public subsidization that does not reflect what actually happens.

A return to Marx and Engels provides a theoretical context for understanding this issue. They wrote in *The Communist Manifesto*, “the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie” (1848 [1992], p.9). This means that government officials are a tool of the bourgeoisie and will make decisions that maintain the capitalist system. While the Marxist interpretation is consistent with the issue of the class struggle already discussed, this issue can also be considered within the American urban context. There are various interests and agendas among community elites in American cities. However, these stakeholders share a common goal of economic growth, and in order to achieve this goal, they are willing to come together to develop pro-growth strategies (Molotch, 1976). Such a growth coalition may include any citizen who is dedicated to the growth agenda and has resources to contribute. Typically, though, growth coalitions that mobilize behind sport projects include the community elite—business owners and executives, land developers, politicians, representatives of non-governmental organizations including chambers of commerce and convention and visitor bureaus, sports team executives, and local media. These members of the coalition are able to influence political decisions, and they are incentivized to do so because of the social, economic, and cultural benefits that they expect. Growth coalitions often have different priorities than the general population, and they are able to use their power and access to the community elite to produce their favored outcomes (Delaney & Eckstein, 2007).

Having provided an explanation of the process, we can now turn our attention to the social consequences of public subsidization. As governments allocate public funds to sport facilities, they may neglect other community concerns. Governments have limited resources to invest in public projects and services, and expenditure in one area typically means that there is less money available for other areas. Concerns over

opportunity cost, or the value of the next best alternative, are amplified when governments have to make budgetary choices that negatively impact the lower classes. In Hamilton County, Ohio, elected leaders spent an estimated \$454 million on a new stadium for the Cincinnati Bengals. At the same time, one in seven people live beneath the poverty line and there were county-level cuts to schools and emergency services. Delaware County, Pennsylvania provided \$10 million for the Philadelphia Union's new soccer stadium. The weekend before the stadium opened, the mayor of Chester – the host city so economically depressed that it lacks a grocery store – declared a state of emergency after four murders were committed in one week. A more detailed description of one community's experience with public subsidization of professional sport is provided in the case of Corpus Christi, Texas, in the following case study (see Exhibit 5.3). This case illustrates how a growth coalition can play a major role in securing support for the baseball team. Additionally, the case provides evidence of the unintended social costs that can result from a project intended to encourage economic development.

Exhibit 5.3: Case Study of Corpus Christi, Texas

Corpus Christi, Texas, is the eighth largest city in Texas, with a population of approximately 280,000. The city is located halfway between Houston and the US/Mexico border and prides itself on its natural beauty and location on the Corpus Christi Bay. Like most large cities, the city faces challenges related to economic development and "smart growth," education, and retention of the workforce. In particular, the city has struggled economically. The Port of Corpus Christi is the sixth largest port in the United States, and its operations involve agricultural and petrochemical products. In the late 1990s, the Port began to explore ways to expand into tourism and recreation projects.

In 2000, a group of community leaders formed "Forward Corpus Christi," a growth coalition that was formed with the intention of promoting economic growth and improving the quality of life for residents of Corpus Christi. Forward Corpus Christi included representatives typical of an urban growth coalition: the Port of Corpus Christi, the Corpus Christi Regional Economic Development Council (CCREDC), the Convention and Visitors Bureau (CVB), business executives, and local media. This coalition represents the community elite, which created the impression that the community was being run by a handful of powerful residents.

Forward Corpus Christi experienced its first pro-growth victory in November 2000. Prior to that time, Corpus Christi residents had not held a bond election (i.e., referendum in which residents approve a bond issue for public projects) in 14 years. This means that the city went over a decade without additional public money for capital improvements, which resulted in failing infrastructure, education, and other public services. In 2000, however, Forward Corpus Christi mobilized the support necessary to pass the bond issue, which would provide funds for improvements to the seawall, streets, parks, and a new sports arena to replace Memorial Coliseum, a multipurpose arena built in 1953.

Encouraged by its success with the 2000 bond issue, Forward Corpus Christi set its sights on a bigger prize – an affiliate minor league baseball stadium. In May of 2002, Hall of Fame pitcher Nolan Ryan announced his intention to bring a minor-league baseball team to the city. In order to bring a team to Corpus Christi, the city would need to provide a stadium. It was then up to the growth coalition to get the issue on the ballot and communicate its pro-growth message to the voters. Forward Corpus Christi raised over \$170,000 from community leaders and had a substantial funding advantage over stadium opponents. The only significant opposition to the project was Forward ALL Corpus Christi, who managed to raise only \$10,000 to be used to defeat the ballpark proposition. The stadium bond issue was passed by a 55-45 margin, with high voter turnout in the wealthier precincts. To emphasize the funding advantage of Forward Corpus Christi -- they spent \$5.19 for each pro-stadium vote, and Forward ALL Corpus Christi spent only \$0.37. The monetary advantages of the growth coalition are consistent with the status of its members.

Exhibit 5.3 (continued)

The justification for spending over \$32 million on a sport stadium was primarily economic, which is to be expected from a growth coalition. Ultimately, the stadium did little to change the economic conditions of the community. The team began play in 2005, and according to a 2006 survey, only 2% of visitors to Corpus Christi reported attending any sporting event. Macro-level economic data also provides support that the presence of the team did not help the community's economic problems. When the stadium opened in 2005, unemployment was 5.3% and reached its zenith in January of 2011 at 8.7%. It was unlikely that the sport stadium (with fewer than 35 full time employees) would have a significant effect on the economy of a large city, despite what the growth coalition would have voters believe. The more profound consequence is that Corpus Christi continues to pay a significant amount toward debt service on a stadium that is delivering little economic benefit to residents. Meanwhile, the owners of the team are able to keep the revenues from the team and facility operations.

Because the city was committed to providing funds for the stadium, there was less money available when other public needs arose. This situation became worse in the recession of 2008, when cities were seeing fewer local tax dollars and less financial support from the federal government. Local residents questioned the priorities of city leaders, as evidenced by the following Letter to the Editor in the Corpus Christi Caller Times: "How come we have all this money for Whataburger Field and there's no money for poor employees? There's no money on the budget for this, none for that. But there's money for the field. How come? Everything else is forgotten because of the field. Let's get real. This is our money." While public funds were indeed the people's money, government officials – largely influenced by the local growth coalition made the decisions about how that money was spent.

The stadium also intensified class conflict. The stadium was located on the Port land near the Northside neighborhood. This area was a historically low socioeconomic area, and the presence of the stadium resulted in the closure of a neighborhood school. One resident noted the inconsistencies of claiming the stadium as a growth engine while changing the institutions of the neighborhood: "[Closing the school] was the last straw. It's a historical place. They are tearing [the Northside] down slowly." The resident continued, "They say closing [the school] was for the better, but it's not. It's better for the economy, it's better for the tourism. We have a right to be here, just as much as that baseball field. Every event they have, we have to listen because we're neighbors. We've got kids that would like to go, but we can't afford it."

The growth coalition successfully passed a ballot initiative that enabled Corpus Christi to attract a minor league baseball team. However, the expected economic growth did not materialize. Instead, the decision to invest in the stadium (at the expense of other public priorities) served to reinforce social class divisions.

CHAPTER SUMMARY

In this chapter, we provide a sociological context for issues related to sport and the economy. The theory of the leisure class helps us to understand the association between social class and sport participation and the consumption of sport/recreation goods and services. Marxist critiques of the commodification of sport provide context for the role the sport industry plays in capital accumulation and the conflict between those who control the mode of production and those who provide labor. Finally, the public subsidization of sport is examined in the context of American political economy. The examples presented in this chapter provide evidence of the interrelatedness of sport, social relations and norms, and the economy.

DISCUSSION QUESTIONS

1. What factors influence an individual's choices regarding sport participation? Select a sport or recreation activity not mentioned in this chapter and explain what effect social class has on participation in your selected sport.

2. How do fantasy sport leagues represent the commodification of sport? Explain your answer and specify what is being commodified.
3. Do you agree with the idea that sport acts as the opiate of the people? Explain your answer using specific examples from either recreational or spectator sport.
4. How does a growth coalition affect a community's decision to subsidize a sport project? What is the value of a growth coalition? What problems do you see with the influence of growth coalitions?

RECOMMENDED READINGS

- Horne, J. (2006). *Sport in consumer culture*. New York, NY: Palgrave Macmillan. (This book explores how the consumer culture affects the provision of sport and leisure and the degree of control consumers of sport-related goods and services have in this culture. Specific issues related to consumerism include (a) globalization, (b) the commodification of sport through advertising and sponsorship, and (c) social class divisions and sport consumption.)
- Delaney, K. J., & Eckstein, R. (2003). *Public dollars, private stadiums: The battle over building sport stadiums*. New Brunswick, NJ: Rutgers University Press. (Delaney and Eckstein present a growth-coalition framework that is used to examine the efforts of several American cities to obtain public funding for professional sport stadia. The authors discuss the creation and maintenance of growth coalitions generally and use case studies to identify conditions necessary to gain approval for public subsidization of facilities.)
- Clotfelter, C. T. (2011). *Big-time sports in American universities*. New York, NY: Cambridge University Press. (This book provides an overview of the economic importance and priorities of the collegiate athletic system in the United States. Clotfelter examines the exploitation of athletes in revenue-producing sports and the exploitation of university's tax-exempt status – two issues which are appropriate for consideration from a Marxist lens.)

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