

BASEBALL AND THE AMERICAN CITY:

An examination of public financing and stadium
construction in American professional sports.

By

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<http://www.stadiummouse.com/>

CONCLUSION

In order for a venue to meet its financial and civic needs, it must be designed and programmed to attract as many user groups as possible. The major tenant is one target audience, but the facility must reach out into the community to attract others.

-- Rick Kozuback (Questionnaire response)

This paper has discussed the likely future of stadium and arena construction in the New York/New Jersey region based on a consideration of how this issue evolved nationally to its current state, and an analysis of the problems that confront cities that choose to build new sports stadiums and arenas. From that, one simple conclusion is produced: if a city cannot afford a sports facility project with public funds, and private funds are not forthcoming, the facility should not be built.

Unfortunately, the process of building a new stadium or arena is not that simple. Sports teams provide highly visible and popular benefits to citizens of local communities. The opportunity of local residents to follow and enjoy “their” team -- on television and radio, in the newspapers, and by talking with friends -- cannot easily be matched by any other industry. The imagery of being a “big league” city and gaining or retaining spillover benefits associated with stadium and team related jobs and taxes are appealing.

In spite of this, economists will tell you that in the past 30 years not one independent study conducted has demonstrated that building an arena, ballpark or stadium has had a positive economic impact on a city. Economists also overwhelmingly agree that there is a relatively fixed amount of leisure dollars in a given community. If people did not attend a baseball game, they might have attended a movie or gone to dinner at a neighborhood restaurant. Thus, while new restaurants and shops may spring up around a new sports facility, on the other side of town similar activities may be losing business.

Economists term the benefits received from the presence of a professional sports team as “public good” benefits. Simply, stadium contributions from the public sector are analogous to public contributions, such as parks, golf courses, swimming pools, zoos, concert halls, and museums. Under this argument, there is a strong economic rationale for local public support of sports teams.

Critics claim that stadium projects do not create many jobs nor generate significant “new” revenues per dollar of public expenditure. Sports stadiums do provide economic benefits to local communities in the form of increased local employment, taxes, regional development and the potential to re-invigorate a downtown or other deteriorated area, but they should not be counted on

as the primary development or jobs programs for a region. Rather, the primary economic purpose of sports teams is to provide consumption benefits to the community.

Finally, there is an extensive political process by which local communities make decisions about which activities provide the greatest benefits to their citizens. Within this political process citizens and their elected representatives decide how to allocate public funds among many alternative uses -- public funding today often must pass a voter referendum.

Naturally, it is the citizens who should be responsible for the future of their stadium construction. As demand for professional sports continues to rise, pressure from teams and owners to build new state-of-the-art sports facilities will grow as well. Local officials will continue to feel pressure to provide public subsidies for fear of losing their team, or worse, losing the support of the tens of thousands of fans who support those teams. At some point it all must stop. When the citizens of a community say "no" to public funding, local elected officials and team owners alike must respect their wishes. Otherwise, there is no telling how far this stadium boom will go.