

BASEBALL AND THE AMERICAN CITY:

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

By

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SOCIAL

The current rash of stadium building is part of a trend toward thinking of, and using, cities as entertainment zones – places where people don't necessarily live or even work, but do go to be entertained. A city does not have to have a sports franchise to be globally competitive...

- Joanna Cagan (Questionnaire response)

The benefits of sports teams and stadiums are not confined to their impact on regional growth and employment. Non-economic factors may also play a part in the impact of major league sports on an area. Some argue, for instance, that the presence of major league baseball in a community provides for a better quality of life. Advocates of public financing for major league sports claim that having a team makes a city “major league” and elevates a city to a globally competitive level. This, in turn, may translate into increased economic activity through tourism or an inducement for industry or individuals to choose one city over another. In addition, it is said to enhance the sense of community that is created by interest in the local team. Sociologists have noted this effect for many years. This emotional function is also one of the intangible benefits of maintaining a professional sports team.

Major League City Status

It is widely held that the overall image of a city is enhanced when large crowds support local businesses and provide wonderful additions to the urban character of a city. In response, cities all across the nation are investing public funds to build new stadiums and arenas, hoping to attribute those benefits to the crowds that lend their support to professional sports. As Dennis Zimmerman explains it, residents enjoy the benefits “from living in a ‘big league’ town, from having another topic of conversation that is common to most citizens, from reading about its successes and failures in the newspaper and the like.”¹ Mark Rosentraub explains: “facility patrons in a central city and national television air time provide a city or suburban area with exposure not offered by a symphony, a new library, or a wonderful park.”²

The boost to civic pride is one factor that motivates cities without major league sports to pursue team franchises. The argument you will hear from stadiums construction proponents’ is that a professional sports franchise gives fans a place to go for wholesome family entertainment and a certain amount of pride in their hometown. “Certainly,” Denver City Council member Susan Barnes-Gelt notes, “first rate venues for pro teams are an element of community pride.”³ These structures can help showcase the city’s climate, natural

¹ Zimmerman, Dennis. Report to Congress: “Tax-Exempt Bonds and the Economics of Professional Sports Stadiums.” Washington, DC: Congressional Research Service, May 29, 1996, p. 121.

² Rosentraub, Mark. Major League Losers: The Real Cost of Sports and Who's Paying for It. New York: Basic Books, 1997.

³ Questionnaire Response – Susan Barnes-Gelt

beauty, and other tourist attractions that unify residents and enhance a city as a visitor and business destination. In short, stadiums and arenas are so unique, beautiful and integrated into the local culture that becomes an internationally recognized symbol of the city and region.

There are plenty of cities that have followed that line of thinking and invested considerable public effort and funds as a result. Philadelphia Phillies owner Bill Giles proclaimed “you don't have a major league city unless you have a major league sports team,”⁴ citing the cities that have lost their major league teams and the negative impact that has had on them while arguing that Philadelphia should build a new single-use baseball stadium. Arlington, Texas built a publicly financed baseball stadium and began to tout itself as “The Big League Address for Business.” Nashville, Tampa, Phoenix, and Charlotte represent other cities that have vigorously pursued professional team sports as a means of establishing their national reputations.

However, those intangible benefits must be weighed against similar benefits that would have been created if the money were spent on something else new and the related negative effect that blossoms out of stadium construction. For example, new schools, better police protection, or a thriving downtown business district all would have a positive effect on the community's image and its residents' self-esteem as well. Susan Barnes-Gelt argues, “public investment in sports venues can be a catalyst for redevelopment of blighted or underutilized areas in downtowns. [But], if a downtown is strong and truly a 24-hour neighborhood, sports venues can have a chilling effect.”⁵

Stadium Construction and Fan Base

Beyond arbitrary status designations, it is clear that cities do realize some benefits from stadiums construction. Proponents point to the experience of local citizens and sports fans. Andrew Zimbalist and Roger Noll argue a professional sports team, creates a “public good” -- a benefit enjoyed by consumers who follow sports regardless of whether they help pay for it. The magnitude of this benefit is unknown, and is not shared by everyone. Nevertheless, it exists.⁶

Why then would citizens, whose access to new stadium and arena facilities is arguably limited, still overwhelming support the construction of these facilities? Sociologists David Karp and William Yoels observed that sports help account for the willingness of citizens to finance sports facilities, even to the exclusion of other seemingly more urgent concerns. In a 1990 study they noted that, “civic pride and identity

⁴ Darr, Jennifer. City Paper: City Beat - August 20-27, 1998.

⁵ Questionnaire response – Susan Barnes-Gelt.

⁶ Noll and Zimbalist

are caught up with sports.”⁷ In other words, all citizens feel the benefits of new stadiums, whether or not they represent the regular audience of these facilities.

According to John Walsh, senior vice president and executive editor of ESPN, “sports have moved from being a subculture to becoming a major force in America’s social and cultural landscape.”⁸ A U.S. News/Bozell poll in 1996 revealed that Americans strongly believe the lessons of sports contribute positively to other life realms:

- 91% think sports participation helps people get along with those from different racial or ethnic groups
- 84% think sports involvement helps people in the business world
- 77% think sports help people be better parents
- 68% think sports help people get along better with people of the opposite sex

Kenneth Shropshire, associate professor of legal studies and real estate at the Wharton School of Business argues that professional sport has wide appeal among minorities. Still, he notes, neither sports nor sports construction do much to bridge the divide found in society. Shropshire argues that, “95 percent of all sports team owners are white, while their teams’ athletes are for the most part black.”⁹ He credits this to prevailing racial images and myths, white racism, black apathy, athletes’ and owners’ self-interest. William Kern agrees, agrees: “I can’t see significant reductions in racial conflicts being resolved by having a sports team. When poor fans see themselves priced out of going to the games or when they see the high rollers in the luxury boxes, I can’t see this doing much to bring rich and poor together.”¹⁰

Pay to Play. At the same time, rising ticket costs have caused professional sports to become “gentrified,” so that only upper-income people can afford to go to the games. The average ticket prices for the four major sports leagues have increased by nearly three times the rate of inflation for all consumer goods and services during the past decade. Meanwhile, the amount that a typical family of four will spend on tickets, parking, food, beverages, and souvenirs when attending a game continues to rise as well. The cost in 1998 for a family of four to attend an NBA (\$214.28), NFL (\$221.17), or NHL (\$228.39) game was about 30% of the average household’s weekly earnings. Major League Baseball had the lower ticket prices because there are more games to charge for than the other sports; still, the average family of four pays \$114.82 per game -- about 16% percent of its weekly earnings.¹¹ As Andrew Zimbalist notes, “the middle-income and lower-income fans are being priced out of the game.”¹²

⁷ Karp, David and Yoels, William - *Being Urban: A Sociology of City Life* (Gregory Prentice Stone 1994)

⁸ “Ready, set, go. Why we love our games” (U.S. News & World Report Olympic Preview – 1996).

⁹ Shropshire, Kenneth L and Winslow, Kellen. “In Black and White: Race and Sports in America.” New York: New York University Press, 1996.

¹⁰ Questionnaire Response – William Kern

¹¹ Dan McGraw “Cover Story: Big League Troubles Pro sports has a problem. Fans are disgusted. What if they just stopped watching?” U.S. News & World Report – 7-13-98.

¹² Noll and Zimbalist.

Stadium design. To combat the rising costs of sports, modern stadiums are designed to be much more than just sports venues. Featuring restaurants, shops, breweries, expanded luxury seating and other amenities, new-generation stadiums are multipurpose facilities. The designs for new stadiums and arenas also offer their owners greater flexibility, which in turn creates greater profitability. Newer (and recently renovated) sports facilities are designed to include more family-oriented and child-friendly spaces. These “fun zone-type areas” provide games, interactive sports and entertainment for youngsters and their parents. The game itself becomes just one aspect of the stadium experience. “They're trying to build a fan base ... that wants to come to the ballpark whether the team is winning or not.”¹³

Stadium Construction and Team Performance

Among the intangible benefits of a sports franchise is its ability to generate interest in a local community. It should not be surprising to learn that the level of interest varies based on the success of the team. An important payoff to teams that decide to build new stadiums is a regular increase in average attendance. In turn, increased attendance leads to additional investment (or at least the potential for increased investment) in a team, and additional success as a result.

Attendance. A team playing in a new stadium can typically expect an increase in attendance of around 15% just because it's new. According to Quirk and Fort, this results from an increase in drawing potential of a team, the more a profit maximizing team finds it worthwhile to spend in improving the caliber of the team. Table 2A demonstrates that all of the teams who have moved into new stadiums in the past decade have enjoyed dramatic increases in attendance. The same teams who began playing in new stadiums also experienced more success in results. In effect, a new stadium converts a small town market into a market that is not quite so small as before, and the profit incentives this creates lead predictably to the teams acquiring higher-quality players, producing a better performance on the field.¹⁴ It should be noted, however, once the novelty wears off, the stadium will have trouble drawing fans by itself. If the team struggles on the field, so may attendance over time.

Conclusion

Cities across the nation – some with professional sports franchises already, others seeking to attract a new sports team -- are constructing new sports facilities to help define their image. This competition stems from the belief that that a major league sports franchise is the price of admission for being a “world class” city.

¹³ Guilford, Roxanna – “The game is only part of new stadium experience,” Atlanta Business Chronicle – August 6, 1999.

¹⁴ Quirk and Fort, pp. 138-139.

Major sports franchises (in particular those with new stadiums) help make cities more attractive to business and tourism alike, and also provide for a better quality of life for its local citizenry.

The critical components behind being a “world class city,” many argue, are not easily measured. In addition to the economic and political benefits such as new jobs, higher property values, or a growth in population, there are other categories including diversity, civic pride, and similar. Simply, there is an inextricable link between sports and people’s image of their cities.

The construction of a new sports facility is a major regional event and an opportunity for a city to increase its visibility and marketability nationwide. The visibility given to a city district by a new facility may make it more attractive to new development or the re-use of existing space. The press generated by the opening of the facility provides an invaluable opportunity to further the local development agenda. The large crowds that attend major sports events represent a powerful economic and social engine for a city.

Although it is difficult to place a value on these non-economic factors, their impact is undeniable. The question for cities to consider is whether or not these social factors, when considering the limited economic and political benefits provided by the construction of a new stadium or arena, is enough to justify significant public expenditure.