

Cato Looks at Stadium Subsidies

I came across this old article from the Cato Institute. Apparently, they've already looked into the general philosophy of municipal-funded sports stadiums, and they found that "the lone beneficiaries of sports subsidies are team owners and players."

Sounds like Gov. Daniels and Mayor Ballard could learn a thing or two from Cato.

Congress Looks at Stadium Subsidies

<http://www.cato-at-liberty.org/2007/03/27/congress-looks-at-stadium-subsidies/>

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This Thursday the Domestic Policy Subcommittee of the House Committee on Oversight and Government Reform will hold a hearing titled, "'Build It and They Will Come': Do Taxpayer-financed Sports Stadiums, Convention Centers and Hotels Deliver as Promised for America's Cities?"

Several Cato studies over the years have looked at the absurd economic claims of stadium advocates. In "Sports Pork: The Costly Relationship between Major League Sports and Government," Raymond Keating finds:

The lone beneficiaries of sports subsidies are team owners and players. The existence of what economists call the "substitution effect" (in terms of the stadium game, leisure dollars will be spent one way or another whether a stadium exists or not), the dubiousness of the Keynesian multiplier, the offsetting impact of a negative multiplier, the inefficiency of government, and the negatives of higher taxes all argue against government sports subsidies. Indeed, the results of studies on changes in the economy resulting from the presence of stadiums, arenas, and sports teams show no positive economic impact from professional sports — or a possible negative effect.

In Regulation magazine, (.pdf) Dennis Coates and Brad Humphreys found that the economic literature on stadium subsidies comes to consistent conclusions:

The evidence suggests that attracting a professional sports franchise to a city and building that franchise a new stadium or arena will have no effect on the growth rate of real per capita income and may reduce the level of real per capita income in that city.

And in "Caught Stealing: Debunking the Economic Case for D.C. Baseball," Coates and Humphreys looked specifically at the economics of the new baseball stadium in Washington, D.C., and found similar results:

Our conclusion, and that of nearly all academic economists studying this issue, is that professional sports generally have little, if any, positive effect on a city's economy. The net economic impact of professional sports in Washington, D.C., and the 36 other cities that hosted professional sports teams over nearly 30 years, was a reduction in real per capita income over the entire metropolitan area.

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