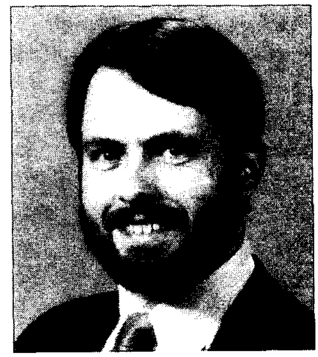

Sports Welfare

When America was founded there was much debate over the proper role of government. Today that debate continues every time someone proposes a new program.

Proposals to subsidize business emanate not only from Washington, D.C., but also its nearby environs. For instance, Maryland Governor Parris Glendening wants to spend nearly $300 million (construction and other related costs) to construct a football stadium for Art Modell's former Cleveland Browns. Modell's team—to be named later—would not only get free use of the stadium. It would also earn an estimated $32 million annually from concessions, tickets, parking, and a split in revenues from concerts and other stadium events.

There's nothing new about sports moguls supping at the public trough. The District, Maryland, and Virginia have all offered Jack Kent Cooke a variety of deals to keep or move the Washington Redskins. Now he plans on building his own stadium in Maryland, though the state is supposed to kick in $73 million for local "improvements."

And team owners in cities across the country have routinely received generous payoffs from the taxpayers. For instance, Cleveland offered to spend $154 million to renovate Cleveland Stadium for the Browns, before Modell received a better deal from Baltimore. Cincinnati plans to build two facilities, one for the Bengals and one for the Reds, costing some $540 million. Wisconsin recently chipped in for a new stadium for the Milwaukee Brewers. Washington state did the same for the Seattle Mariners, even after local voters rejected a tax hike to subsidize the team. The Chicago Bears recently rejected an offer of a $475 million facility because the team would have had to cover about one-third of the cost.

But the fact that sports subsidies are ubiquitous does not make them a proper function of government. Of course, stadium proponents argue that new facilities increase economic activity and government revenues. Jack Kent Cooke organized a rally backing his project; one participant lauded the "potential $250 million investment in our neighborhood." Governor Glendening has similarly optimistic projections for his proposed stadium in Baltimore: $110.6 million in new economic activity and $9.3 million more in annual tax revenue.

Alas, these sorts of estimates typically assume that all of the spending on a new sports team will be new. But even the nicest stadium cannot create dollars out of nothing. People who go to games are likely to divert their expenditures from other forms of entertainment: restaurants, movies, and other sporting events. "The money they are counting on being spent at the stadium, much of it is already being spent on other forms of recreation in the area," explains

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Another argument is that stadiums bring prestige to a city, and hence new business. Contends the Glendening administration, "more corporate headquarters will be attracted to Baltimore." Yet most companies are more likely to worry about the tax burden—which would be adversely affected by the stadium project—than the presence of a football team. Connie Kone, a member of the City Council of St. Petersburg, Florida, warns that "The tax increases we had to pass to support [the Suncoast Dome] actually drove some residents and businesses out of the city."

In fact, in 1987 Robert Baade of Illinois' Lake Forest College surveyed nine cities that renovated an old or built a new stadium. In seven of those cases the city's share of regional income actually fell. Two years later Dean Baim of Pepperdine reviewed the experience of 14 stadiums and found that only one—*private* Dodger Stadium—generated net income. His sobering assessment: "massive capital costs of modern facilities make it very unlikely that modern stadiums will earn enough to cover debt service expenditures regularly enough to earn a profit." Baade then studied the experience of 48 cities between 1958 and 1987. His conclusion: "Professional sports teams generally have no significant impact on a metropolitan economy." Participants at a 1995 conference organized by the Federal Reserve Bank of Atlanta also generally concluded that stadium construction rearranged existing leisure revenues rather than created new wealth.

Even the Maryland legislature's Department of Fiscal Services warns that Governor Glendening greatly overstated the likely economic impact of his project. Most of the jobs that would result from construction of a new stadium "either are temporary or seasonal, low-wage employment," concluded the Department, which further warned that the state might not collect enough in taxes to cover debt service payments. The loss over 30 years could run as much as $75 million.

About the only argument left is essentially municipal ego. Moon Landrieu, formerly mayor of New Orleans, admitted: "The Superdome is an exercise in optimism, a statement of faith. It is the very building of it that is important, not how much of it is used or its economics." Such sentiments would be unobjectionable if the money spent to build the facility was his own. But it was not.

Which means that, in the end, government-funded stadiums in the Washington area and around the country are little more than corporate welfare. Yet so common have become these sorts of deals that businessmen think public subsidies are their due. For instance, when the Maryland legislature first suggested that Modell chip in a modest $24 million, less than a tenth of the state's estimated cost, he pled poverty. Modell did, however, offer to help pay for the governor's PR campaign on behalf of the stadium.

A Simple Alternative

The obvious alternative, obvious at least to people outside of government, is simple. Save the taxpayers' money and tell team owners to raise the financing themselves. That is hardly an insurmountable obstacle; Jack Kent Cooke is committed to spending $160 million or so on a new stadium for the Redskins. Jerry Richardson financed a $164 million stadium for the Carolina Panthers. William Davidson, owner of the Detroit Pistons basketball team, paid for the $70 million Palace project. And Miami Dolphins owner Joe Robbie built a $100 million facility after local voters told him no to public aid. Roughly one-third of existing stadiums have been privately financed.

In fact, this option is usually supported by the people who are otherwise stuck with the tax bill. Polls demonstrate that the vast majority of Maryland residents oppose government construction of a new football stadium. Ten years ago Cleveland voters said no to a similar measure; so did the electorate in Oklahoma City. Miami residents thrice rejected proposals to renovate the Orange Bowl. Initiatives for state-financed stadiums in San Francisco and nearby Santa Clara

County for the San Francisco Giants failed. Allegheny County, Pennsylvania, voters ousted two county commissioners in a revolt against plans for a $200 million stadium for the Pittsburgh Pirates. Washington's King County voters said no to the Seattle Mariners; explained one skeptical citizen, "There are too many private investors' hands in public pockets."

But popular opposition only seems to make sports boosters work harder. It's not enough to spend $300 million of the taxpayers' money on a stadium. In the case of Maryland, the governor spent millions more in an attempt to win legislative approval.

At a time of tight public budgets, a serious debate over the role of government is long overdue. Although entertaining the masses might have been an accepted role for government in ancient Rome, surely Americans today are capable of amusing themselves without government subsidies for the modern equivalent of gladiatorial games. □

THE FREEMAN
IDEAS ON LIBERTY

Most Outrageous Government Waste

by Thomas A. Schatz

Since my job is to be a watchdog on government waste, I'm often asked about the most outrageous cases.

That's a tough call because government bureaucrats never take care of your money as carefully as you would take care of it yourself. More important, bureaucrats spend money on what government wants, not what you want—which is the whole point of taxing away your money.

Without authorization, for instance, the feds spent $19.6 million annually on the International Fund for Ireland. Sounds like a noble cause, but the money went for projects like pony-trekking centers and golf videos.

Congressional budget-cutters spared the $440,000 spent annually to have attendants push buttons on the fully automated Capitol Hill elevators used by Representatives and Senators.

Last year, the National Endowment for the Humanities spent $4.2 million to conduct a nebulous "National Conversation on Pluralism and Identity." Obviously, talk radio wasn't considered good enough.

The Pentagon and Central Intelligence Agency channeled some $11 million to psychics who might provide special insights about various foreign threats. This was the disappointing "Stargate" program.

Mr. Schatz is president of Citizens Against Government Waste.

The Department of Education spent $34 million supposedly helping Americans become better shoppers and homemakers. Wasn't it about time?

The federal government proposed spending $14 million for a new Army Museum, although there already were 47 Army Museums around the country. We helped stop that idea.

Dubious government spending schemes abound since bureaucrats play with other people's money. For example, the National Institutes of Mental Health (NIMH) spent $70,029 to see if the degu, a diurnal South American rodent, can help us better understand jet lag . . . they spent $77,826 to study "Coping with Change in Czechoslovakia" . . . $100,271 to see if volunteering is good for older people . . . $124,910 to reduce "School Phobia" in children . . . $161,913 to study "Israeli reactions to SCUD Attacks during the Gulf War" . . . and $187,042 to study the quality of life in Hawaii.

Over the years, political wrangling twists the most noble-sounding government programs beyond recognition. For example, the Social Security Administration's $25 billion a year Supplemental Security Income (SSI) program. Almost 250,000 children qualify for SSI checks because they can't participate in "age appropriate activities." Worse, thousands of prisoners get SSI checks relating to their alleged disabilities—costing taxpayers about $20 million a year.