High Stakes
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CURRENTLY, EVERY major metropolitan area has at least one major league sports franchise, and most have three or four. Professional sports are city based and city relevant, and sport facilities are an important, and often imposing, feature of the urban environment. This is so because cities are the obvious places that meet the needs of big time sports—they have the labor force, the consumer market, the media, the capital, and the powerful people willing to make it all happen.

Even so-called secondary cities are linked to the national network of big cities through the hosting of minor league affiliates. For example, the state of Virginia, which is not home to a major league baseball team, nonetheless has several professional minor league teams that are smaller-town agents for their major league, big-city affiliates. These are as follows (by town, team name, and major league affiliate): Woodbridge Potomac Cannons (St. Louis Cardinals), Norfolk Tides (New York Mets), Richmond Braves (Atlanta Braves), Lynchburg Hillcats (Pittsburgh Pirates), Salem Avalanche (Colorado Rockies), Danville Braves (Atlanta Braves), Martinsville Astros (Houston Astros), Pulaski Rangers (Texas Rangers), and Bristol White Sox (Chicago White Sox).

Also, just across the state line into West Virginia, which also does not have a major league team, are the Princeton Devil Rays (Tampa Bay Devil Rays), the Bluefield Orioles (Baltimore Orioles), and the Charlestown Alley Cats (Kansas City Royals). These minor league teams involve the exchange of communications, resources, people, and power between them.
selves and their major league affiliates. So, even cities without major league teams of their own usually have a direct connection to the big time through their hometown teams.

Besides professional sports, amateur sports have emerged into the big time. They now involve thousands of participants, billions of dollars, and hundreds of organizations. The oldest, largest, and most comprehensive amateur sports organization is the International Olympic Committee (IOC). The IOC moves the summer and winter Olympic games regularly from country to country and from city to city. The competition is fierce among cities that vie with each other to host the games.

Three major incentives motivate cities to compete for Olympic host status, and the same ones come into play for lesser sport events such as the World Series in baseball and the Superbowl in football. The first is the prestige that comes with being a host city. For example, many Australians believed that Sydney’s hosting of the 2000 summer games validated its claim of being a global city that occupies an important niche in world trade. Indeed, there is evidence for the veracity of this claim. In anticipation of the Olympics in Sydney, many international firms initiated operations there. By the time the Olympics were held, two-thirds of the international organizations doing business in Australia had located their headquarters in Sydney.

The stimulation of local business is the second reason for hosting the games. Economic analysts in Sydney estimated that even before the games began, the Olympics had drawn twenty million visitors to the city who contributed greatly to Sydney’s tourist industry. This figure was multiplied many times over during and after the games.

The third reason for hosting the games is the opportunity they provide for major urban-redevelopment projects. The Sydney games were centered in a formerly run-down, tidal wetlands section of the city called Homebush Bay. Before the Olympics, the area had become an industrial wasteland. Former activities in the area included a rubbish dump, a slaughterhouse, a racetrack, a brickworks, and the navy’s arms depot. More than $2 billion was spent in turning the area into an Olympic park with first-class sport venues. In addition, another $3.6 billion spent in general construction across the city added twenty new hotels and numerous office and apartment buildings.

### Downtown as Festival and Sports Central

If a city’s downtown is declining physically, economically, and culturally, how does one turn it around? For the last thirty years, many city leaders
across the country have asked this question. One answer has been to make
the urban core a “fun” place; that is, leaders situate in downtown those
entertainment activities that would attract people to the core. Presumably,
while in the city, people will dine, shop, and sample other city attractions.
Urban areas with lakes or riverfronts have been especially active. When
cleared of rundown buildings and spruced up with parks, amphitheaters,
malls, and gardens, these waterfronts offer pleasant expanses for arts and
book fairs, music fests, ethnic celebrations, and the like.

For many years downtowns have been home to main branches of pub-
llic libraries, museums, galleries, jazz clubs, theaters, and symphonic halls.
With suburbanization of the population and retail shopping and the grow-
ing popularity of television, DVDs, VCRs, cable TV, and the Internet, fam-
ilies now cocoon more. Add this to the physical and socioeconomic decline
of the old urban core, and it becomes difficult for traditional urban attrac-
tions to draw people downtown.

Over the last thirty years, it has become clear that most metropolitan
areas have a growing, centrally located market for entertainment and cul-
tural activities. This market reflects several patterns. One is the overall
increase in the population’s level of education. Between 1960 and 1998 the
percentage of persons 25 years and older who completed college grew from
7.7 to 24.4 percent. Over the same period, the percentage who graduated
from high school went from 41.1 to 82.8. With increased education, interest
in theater, symphony, museums, and dance also increases and translates
into greater attendance at cultural events. For example, between 1985 and
1997 the total annual attendance at local professional theaters went from
14.2 million to 17.2 million; attendance at Broadway road shows jumped
from 8.2 million to 18 million; and attendance at professional opera rose
from 6.7 million to 6.9 million.

Another factor in the burgeoning city entertainment market is the
increased affluence of the middle and upper-middle classes, whose discre-
tionary income is often spent on entertainment. In 1997 people spent $782
million on tickets for touring Broadway shows, $350 million on local the-
ater performances, and $391 million on local symphony performances. In
addition, in 1997 more than 122 million people attended professional major
league sports contests, most of which were played in urban ballparks, sta-
diums, and arenas.

The third factor contributing to the growth of downtowns as festival and
entertainment centers is the willingness of civic leaders and developers to
invest in the construction and renovation of sites for these cultural activities
and to aggressively seek events to occupy them. Chicago is an example of
a city that, over the last thirty years, has not only rebuilt the downtown in shopping, offices, housing, and civic works, but also made it a center of festival entertainment, attracting millions of attendees every year. The Chicago mayor’s office actively organizes large-scale events and regularly produces a city calendar full of weekend attractions.

Chicago has a major advantage that many cities do not: Grant Park. Just to the east of Chicago’s Loop, or central business district, Grant Park occupies a large tract of the Lake Michigan shoreline. Grant Park consists of 319 acres, which include large open areas for outdoor concerts and picnicking, ball fields, flower gardens, and music shells. Grant Park is also home to many cultural institutions and civic sites, including the Art Institute, Buckingham Fountain, the Field Museum of Natural History, and the Adler Planetarium. Nearby are the Shedd Aquarium, the Museum of Science and Industry, and Soldier Field. Over the course of a summer, weekend events in Grant Park attract not only people from the city and the suburbs, but also tourists from afar. Often the park is the site of ethnic festivals such as the Irish Fest. It is also the site of major concert events devoted to gospel music, blues, jazz, country music, and Latin music.

Some of the festivals are so large that they spill out of Grant Park into other in-town venues. An example of such a mega-event is the World Music Festival Chicago 2000, hosted by the city government. Music groups from around the world played at this ten-day happening. Grant Park and the Field Museum were the center of the action, but music performances were also held at the Daley Center, the Museum of Broadcast Communications, Wells Park, the American Indian Center in the Newberry Library, the Old Town School of Folk Music, the Spirit of Music Garden, the Museum of Contemporary Art, the Chicago Cultural Center, the Chicago Symphony Center, the Chopin Theatre, and a host of Chicago music clubs, pubs, and bars. Chicago’s success in making the downtown a thriving festival and entertainment center has been repeated in many other cities. In fact, it is now common for community leaders to build festival and entertainment events into their strategies for reinvigorating their downtown.

For many Americans, big time sports is their favorite form of public entertainment. So it is no wonder that the downtown, pro-growth coalitions would add sports venues to their wish list of desired redevelopments.  

The Local Drive for Civic Pride and Community Redevelopment

Federal funds for urban redevelopment have declined since the late 1980s,
and city leaders have had to look elsewhere for such funds. The reasons for
the decline of federal subsidies are too complex to describe in detail here. The
economic point is clear, however. The decline in federal redevelopment
resources has led to serious situations in many cities. Urban problems that
are not attacked through federal funding often become the burdens of state
and local governments.

Without development funds—either public or private—modern down-
towns would be essentially dead. Stated more positively, a Columbus, Ohio,
economic-development manager said succinctly, “If you redevelop proper-
ty, that means more money for the schools, to the city in tax dollars, and to
businesses.” The downtown elite have a vested interest in attracting money,
but so do the business community, the local politicians, the labor leaders,
the redevelopers, the mass media, and the denizens of the inner-city neigh-
borhoods. Attracting redevelopment funding is a matter of economics and
politics, but it also is a matter of community pride.

Every city has an image, and community pride is a reflection of that
identity. New York, among other things, is the “Big Apple.” Chicago is the
“City of Big Shoulders.” Los Angeles is “fantasy land,” and Hollywood is
“Tinsel Town.” Milwaukee’s image is forever linked to beer and brats. St.
Louis’s is wedded to its arch; New Orleans’s is tied to Mardi Gras and
Bourbon Street. Philadelphia is home to the Liberty Bell. Pasadena is the
Rose Parade. Amplifying the importance of image, a famous sociologist
wrote many years ago: “The entire complex of urban life can be thought of
as a person rather than as a distinctive place, and the city may be endowed
with a personality—or, to use common parlance—a character of its own.
Like a person, the city acquires a biography and a reputation.”

Cities without a connection to a notable team or some other identifying
feature sometimes go to great lengths to attract a professional sport fran-
chise, no matter what the sport. Lesser sports such as hockey and soccer
will suffice if baseball, football, or basketball are not possibilities. Local
pro-development groups are often willing to make all kinds of concessions.
These include tax abatements and financial inducements, such as building
a state-of-the-art facility to the specifications of the sports league to attract
a team that may be moving from another city or to attract an expansion
franchise.

Why do these local pro-development groups chase professional teams?
It will be good for business, they always argue. They also contend that
attracting a franchise will make the city “major league.” If it makes the city
“major league,” then it makes the leadership of the city “major league” as
well. Many people have their own self-image tied up with that of their
community. In other words, they see themselves as the kind of people that live in that kind of city. If my town’s a tank town, then “I” am a tank town-er, they think. If my town’s a big-league city, then “I” am a big leaguer.9

Building stadiums, arenas, and ballparks permits cities to hope that, by enhancing the entertainment content of downtown activities with sports, a trickle-down effect will result that will energize other businesses and shopping. Civic leaders also hope that new sports facilities will be a catalyst for further downtown-redevelopment projects in housing, offices, shopping, and entertainment. In addition to the potential direct economic benefits of sports-facility construction—and probably more important in the long run—civic leaders and a large segment of a city’s population believe that attracting new professional franchises to their town or maintaining teams they already have will ensure the city’s image as big league. As such, the city is then a player in the national network of places that “count.” Being a leader or simply a resident of such a city means that, in some intangible way, its individual citizens count, too. After all, they are the kind of people that live in that kind of city.10

Given the powerful set of motivations at play on the part of cities to acquire sport facilities, what are the motives of the owners of sport teams to accommodate cities by expanding franchises or moving teams to those new stadiums and arenas?

The Stadium Game

The earliest big time sports to organize themselves into successful cartels—baseball and football—were also the first to build stadiums. These stadiums are now among the oldest in professional sports. The owners of these teams often viewed sports as a family business or a community trust and took pride in their involvement in the community. For instance, the Haas family, heir to the Levi Strauss fortune, purchased the Oakland A’s in 1980 and operated it for fifteen years as a civic philanthropy. As the salaries for baseball players escalated in the 1990s, however, the team began losing money, causing the Haas family to sell the team to two local real estate developers.11

The number of teams as a family-owned business continues to shrink as the older sport families sell out to owners with more diverse interests. Rupert Murdoch, for instance, represents the newly emerging pattern. His fortune is derived from a vast media conglomerate, and he has invested heavily in franchises such as the Los Angeles Dodgers baseball team, the
New York Knicks basketball team, and the New York Rangers hockey team. Murdock hopes that through pay-per-view programming for major sporting events, he will be able to generate vast profits for his already successful conglomerate.\textsuperscript{12}

When a conglomerate owns a sports franchise, the ties to the local community are weakened, and whether a team stays in its “hometown” is no longer a matter of family pride. It becomes merely another business, admittedly a romantic one, whose purpose is to generate profits. Moreover, the motive for owning a stadium also changes from civic pride to producing a viable revenue stream. Old stadiums, however much local fans revere them, do not generate the kinds of revenue streams that new stadiums do. This is especially true for older, multipurpose stadiums whose revenues are shared by two teams.

If owners can avoid much of the cost of stadium construction, they may benefit even more from the income the stadium generates. These revenues come from different sources—souvenir shops, club seating, personal seat licenses, restaurants, commissions on food and beverages, advertising signage, naming rights, parking fees, and a portion of the gate sales from other promotional events held in the stadium or arena. In some cases, owners may purchase land surrounding the stadium and then benefit from the increased value of the land when the facility is built.

In effect, owners whose teams occupy older stadiums are at a competitive disadvantage with those with new facilities. This puts financial pressure on the owners of teams playing in older stadiums to relocate to new facilities. In many cases, the newer facilities are replacing the older, multipurpose facilities. Now owners of baseball and football teams, once satisfied with sharing a facility, each seek their own sport-specific venues now (see, for example, Chapter 8). Similarly, hockey and basketball teams can easily share the same arena, but the owners find their potential revenues reduced unless the same person or corporation owns both teams.

While owners claim a financial necessity for the competitive position of their teams to play in single-sport stadiums, there is also the possibility of a great personal windfall for those owners who manage to move their teams into new facilities with enhanced profits.

Consider the case of Art Modell. As the owner of the Cleveland Browns football team, he was nonetheless an important figure in Cleveland from 1961 to 1995. When Modell purchased the Browns in 1961, his team played in Cleveland’s municipal stadium. Built in 1931, the stadium was part of a downtown development project that included several large, attractive struc-
tures. Municipal Stadium was not, however, particularly well designed for football. Among other things, its locker rooms were too small to hold an entire team, and posts and pillars blocked many fans’ view of the field.

Modell obtained a twenty-five-year lease on the stadium in 1973, and his major tenants were his own team and the Cleveland Indians baseball team. Things changed in 1986, when David and Richard Jacobs purchased the Indians. The Jacobs brothers, experienced land developers and tough negotiators, threatened to move their recently acquired baseball franchise in 1990 unless the Indians received a new facility. This threat helped persuade voters to approve a “sin tax” on alcohol and cigarettes that went toward the construction of the Gateway Complex, a vast urban-redevelopment project in the center of Cleveland, just a few blocks from Municipal Stadium. Once the new stadium—named Jacobs Field—was built, the team prospered both on and off the field. Soon the Indians, not the Browns, ranked as Cleveland’s favorite team.

Modell now wanted a new football stadium, but the costs of the Gateway Complex spiraled so far beyond estimations at the same time that the city of Cleveland found itself in serious financial straits. Consequently, Cleveland was unable to promise Modell a new facility but agreed to support a public referendum on a $175-million deal to refurbish Municipal Stadium. Modell was not an owner with deep pockets, and he feared that he would be unable to pay for the many unanticipated expenses that he would incur should the referendum pass. Instead of selling his team or borrowing more money, he chose to move his team to Baltimore.

Baltimore offered Modell a new $200-million stadium rent free for thirty years, along with generous allotments of cash to move his team, a guarantee on sell-outs for ten years, and a promise of virtually all revenues generated by the stadium. Modell moved in 1995 amidst a storm of protest. The media vilified him, and he quickly became an outcast to his former friends and political allies.

While Art Modell’s move to Baltimore ruined his reputation as a civic booster in Cleveland, it produced a real payoff for his family’s finances. The move greatly enhanced the value of the franchise, and the team’s worth easily surpassed $500 million in 2001. Modell’s original investment in the Browns (now named the Ravens) in 1961 was $3.9 million, and most of that was borrowed money.

When Modell moved his team, he demonstrated that no city was immune to the loss of their team. The Browns had been successful in Cleveland and had enjoyed a strong fan base for many years. Other owners of
professional football teams realized that they too could move, or at least threaten to move, to get better facilities. According to one analyst, the Browns’ relocation contributed to the building of new football stadiums for at least eight teams: the Ravens, the Redskins, the Bengals, the Browns, the Buccaneers, the Lions, the Forty-Niners, and the Seahawks.15

The important point here is that the stadium game is irresistible for big time sport owners. If they are successful in getting cities to build them new facilities, they increase revenues, which may help their teams recruit better players and market themselves more effectively, and they enhance the value of their franchises for their own personal gains when their teams are sold. Thus, an irresistible force, the desire of many cities to acquire a major professional sport, is meeting a “moveable” object, the professional sport franchise. Owners have responded both by threatening to move their teams unless cities build them newer stadiums and by increasing the numbers of available teams—but never to the point where the demand for teams is fully satisfied. The result has been a boom in stadium and arena construction in recent years, as Figure 1 illustrates.

Figure 1. When Were the Stadiums Built?

Emerging Sports of Hockey and Soccer

Professional hockey has a long history in North America, but only recently has it made a full commitment to becoming a national sport in the United States. Put another way, the early history of hockey is similar to that of the larger, professional sport organizations of baseball, football, and basketball. Franchises were unstable, many teams struggled, and many moved from city to city or folded. Competing leagues developed and some failed, while stronger teams within those leagues then merged with surviving organizations. The current prospects for professional hockey look better than they did a few decades ago because of the increasing value of professional sports to commercial television.

Professional hockey originated in 1917 in Canada, when four teams formed the National Hockey League (NHL). Only two of those teams, the Montreal Canadiens and the Toronto Maple Leafs, have survived. Of the numerous teams that attempted to join the league over the next decade, only four remain: the New York Rangers, the Boston Bruins, the Detroit Red Wings, and the Chicago Blackhaws (originally Black Hawks). These six teams, known as the “Original Six,” formed the NHL before World War II, and more than four decades would elapse before the NHL added franchises in other cities.

At the start of the 1967–1968 season, the league doubled in size and became a coast-to-coast sport. The six new teams included franchises in Minnesota, Philadelphia, Pittsburgh, and St. Louis. On the West Coast, Los Angeles and Oakland were also added. The league had sixteen teams by the start of the 1972–1973 season and suddenly found itself in a struggle with a rival league, the World Hockey Association (WHA). The struggle ended in 1979, when the NHL absorbed four of the WHA clubs—the Quebec Nordiques, Edmonton Oilers, Winnipeg Jets, and Hartford Whalers. More franchises were added to the NHL during the late 1980s and throughout the 1990s. These additions included the San Jose Sharks, Tampa Bay Lightning, Ottawa Senators, Florida Panthers, and the Mighty Ducks of Anaheim.

Remarkably, from 1993 to 1999, there have been almost as many NHL franchise shifts to new cities as there were in the preceding seventy-six-year history of the league. By 2000, the NHL had added the Nashville Predators, the Atlanta Thrashers, the Minnesota Wild, and the Columbus Blue Jackets for a total of thirty teams located in sixteen U.S. states, as well as the District of Columbia and four Canadian provinces.
Such rapid growth, combined with the closing of some of the older, beloved hockey arenas—Boston Gardens and Chicago Stadium in 1995, the Montreal Forum in 1996, and Toronto’s Maple Leaf Garden in 1999—has left some hockey fans wondering whether hockey will take root and thrive in some of the new franchises. Along with its strength in U.S. areas where hockey has traditionally been a popular sport—along the eastern seaboard and in the Northeast and the Midwest—the NHL now has franchises in areas where hockey is not played as frequently, such as North Carolina, Tennessee, Georgia, Texas, Florida, and Arizona. For its part, the NHL is confident it can revive natural rivalries through conference realignments. The league voted to expand from four to six divisions for the 1998–1999 season. It also hopes to promote a “hockey culture” that spans North America and provides encouragement and support to young people’s hockey clubs.

Social and economic forces have forced the league to become more market oriented. The Players’ Association was formed in hockey in 1957 but did not become a strong force until a collective-bargaining agreement was achieved in 1975. The financial instability of the league during the late 1970s and 1980s prevented much union activity. In 1991, however, the union replaced its executive director and became much more combative about salaries, which were comparatively low for professional athletes. In 1991 hockey players received less than one-third of the salary of baseball players and only half the salary of football players. Since then, the union has succeeded in raising players’ salaries despite the owners’ resistance. The union organized a players’ strike during the 1994–1995 season over the issue of salaries and sharing revenues from photographs of players. As a result, hockey nearly became the first major professional sport to lose an entire season because of a labor conflict. However, an agreement was reached in time to finish out at least part of the season.

The contract expires in 2004. Meanwhile, professional hockey has become a millionaires’ club. According to one source, the NHL has 268 millionaires. In comparison, the NFL has 514, MLB has 382, and the NBL has 268. To put it even more succinctly, on average, hockey players currently earn $285 per minute of play.

Given the high salaries, the owners of Canadian hockey teams face two major difficulties in trying to field competitive teams against their colleagues in the United States. First, Canada has prohibited the practice of the government’s underwriting of sports arenas for privately held teams. This means that hockey teams in Canada must pay more of their revenues toward...
the rent of stadiums or else underwrite the cost for building arenas. Second, in recent years the Canadian dollar has been valued at less than the U.S. dollar. Therefore, Canadian teams have to pay relatively more to match the salaries offered to U.S. players. To illustrate, the Calgary Flames traded its star player, Theo Fleury, to the Colorado Avalanche. The entire Calgary payroll is about $20 million (U.S.), and Fleury could command $8 million (U.S.) on the open market. To explain his decision to let Fleury go, the Flames’ general manager said the team just could not generate enough revenue because it sold tickets in Canadian dollars. The owner of the Ottawa Senators said that his team will be forced to move to the United States if there is no relief. Teams that have already moved include the Quebec Nordiques in 1995, the Winnipeg Jets in 1996, and the Vancouver Grizzlies in 2001. Some believe that if the Canadian government does not intercede, Toronto will eventually be the only Canadian team to remain in the NHL.

As the economics of professional hockey have changed, new sources of funding have also become important. The league discovered that one easy way to increase its revenues is to raise the franchise fee. In 1993 the fee was $50 million, and it is now $80 million. This increase is passed on to the new owners, who must absorb not only the increased costs of player salaries, but also the franchise fee and other start-up costs.

Revenues from gate receipts, concessions, sponsorship, and advertising in the arena are not likely to be sufficient to meet the escalating demands of player salaries and other administrative hockey costs. It seems unlikely that ticket prices can be raised much further because the average price of seats for a family of four for an NHL game in 1997 was $228.39, an average that excludes luxury boxes or club seats and still represents about 30 percent of the average household’s weekly earnings. Despite its rowdy, working-class image, hockey draws its fans from upper-income groups. Even so, those fans must compete with corporations for the best seats. Furthermore, because teams build luxury suites in the choice locations, the cheaper seats sold to fans on game day are farther and farther from the action. Resentment among the average fans is building because of the combination of high prices and poorer seat position.

Yet the league still needs to find new sources of revenues, most likely from national and local cable television. By adding new franchises in cities with potentially large viewing audiences and by creating or moving franchises to help create a national audience for hockey, the NHL has positioned itself to generate revenues from both national and local television audi-
ences. An important event occurred in August 1998, when the league signed a new, five-year contract with ABC and ESPN. The deal, granting exclusive American television rights to the two networks beginning with the 1999–2000 season, is worth an estimated $600 million. This figure is more than three times the league’s previous $155 million contract with Fox sports that began in the 1994–1995 season.28

Fox did not have an exclusive arrangement with the NHL and often had to compete with local TV outlets. Even so, Fox introduced numerous innovations to hockey coverage in an effort to broaden the game’s appeal. These included electronically enhancing the visibility of the hockey puck, so viewers could more easily follow its course on the ice. In addition, Fox placed microphones an inch under the ice to capture the sounds made during the All-Star Game.29 While initially more viewers were attracted to hockey than ever before, the audience actually declined in the 1997–1998 season. Fox, along with CBS, TSN, and ESPN, announced slides from five to twenty-five percent in the hockey audience.30

By obtaining an exclusive monopoly with the NHL, Disney now hopes to promote hockey more effectively than Fox. It also plans to promote the sport through its various outlets on TV, radio, the Internet, and paper publications. Disney hopes that the growing interest in youth hockey and the 2002 Olympic hockey games will boost the appeal of watching hockey on television.31

The puck is now on Disney’s ice, so to speak. This will show whether national ratings can be increased to justify its $600 million in expenditures. Disney’s prime-time ESPN ratings for hockey have included around one percent of U.S. television-watching households for the last decade, and Disney realizes that it will have to generate some of the same excitement that live hockey does if it is to succeed.32

**Major League Soccer**

Major League Soccer (MLS) aims to become the fifth major professional sport in the United States, following the NFL, the NHL, the NBA, and MLB. Major League Soccer also wants to produce players and teams that are competitive on an international level. While the other leagues are trying to export their sports to other nations and to develop a global fan base for American sports, Major League Soccer seeks to import an international sport to the American scene and develop a North American fan base for a sport whose fans are traditionally European and South American.
Alan I. Rothberg, chairman and CEO of Major League Soccer, announced its formation on December 17, 1993. The new league had little difficulty in attracting formal bids for franchises from twenty-two cities. Corporate sponsorships and financial investments helped teams sign many top U.S. and international stars for the 1995 inaugural season. The enthusiasm for professional soccer seemed somewhat surprising to some observers since previous attempts to form a professional soccer league in the United States had not been successful. For instance, following the success of the World Cup in England in 1966, a group of businessmen tried to establish a soccer league in the United States. The two leagues were named the United States Soccer Association (USSA) and the National Professional Soccer League (NPSL). These leagues competed with one another and then merged in 1968 to become the North American Soccer League (NASL). The second year of the NASL was a financial disaster, with only five of the original seventeen teams surviving to a third year. The league struggled along until 1984, when a lack of revenue forced it to shut down.

Newfound optimism arrived after the 1994 World Cup, which was held in the United States. Attendance for the matches (3.5 million) exceeded many people’s expectations. Some of the large soccer crowds gathered at the Cotton Bowl in Texas (67,600) and the Foxboro Stadium in Massachusetts (53,100), places where one might not expect to find a huge number of soccer fans. More importantly, television ratings ran much higher than anticipated, and the viewing audience for the World Cup games exceeded that for baseball on ESPN. Much of the excitement was generated in the first round of play, when the U.S. team pulled off an upset, a 2–1 win over highly favored Colombia. Suddenly, soccer was receiving a vast amount of attention, and soon U.S. players, who had labored in obscurity for years, were invited to be guests on Good Morning America the next day. Windfall profits from the World Cup, estimated at $40 million, went to fund the MLS, which gave the fledgling league sufficient financial resources to get underway. The U.S. team did even better in the World Cup in 2002. They got to the quarterfinals but lost there to Germany, the eventual champions, by a 1–0 score.

Further interest in soccer was a result of the growth and success of American women’s amateur soccer. Interest in the women’s game actually increased attendance at men’s games. It also positioned women’s soccer to advance to professional standing.

Another reason for optimism may be the niche that soccer entrepreneurs saw developing at the lower-priced end of the professional sports market.
Ticket prices for football, baseball, and hockey have risen to the point where middle-class families must budget carefully if they hope to attend any games. MLS believed it could attract families with children who play and support soccer through its competitive ticket prices and family-oriented promotional days at the stadium. With a 1997 average ticket price of $13.38, MLS believed it could carve a niche in the professional sports market by targeting families who could not afford the more expensive sports ticket prices.36

The MLS presented soccer to potential investors and corporate sponsors as the sport of the future in the United States. As the U.S. soccer team’s attorney explains, soccer is the sport that much of America’s youth learns before any other, and the United States has a large ethnic population that grew up on soccer.37 The game is attracting new fans and more players each year and may eventually become the sport of choice for school districts weary of injuries and other problems generated by football. It is already the most prominent international sport. According to one recent poll, approximately 1.2 billion people play soccer daily. Each week nearly one-third of the world’s population watches soccer on television.38 In an effort to develop an international following and to promote the development of home-grown soccer players, the MLS allows each team the option of carrying five international players on its twenty-player roster. The league believes that through such melding of international and U.S. players, the MLS will soon be competitive on an international level.

As a way to control expenses, MLS adopted a unique ownership and operating structure. While the other professional sports leagues are a relatively loosely organized confederation of individual franchise owners, MLS was structured as a single, limited-liability company (single entity). As such, the league owns all of the player contracts, and each team operator owns a financial stake in the league as a whole, not just in their individual teams. The single-entity design is also supposed to limit the disparity between large- and small-market teams, which have created enormous inequalities in the ability to meet a payroll in professional baseball. MLS offers an “integrated sponsorship and licensing program” that is calculated to appeal to commercial affiliates while decreasing the opportunity for commercial sponsors to play one team against another. The single-entity structure was also designed to prevent the establishment of a group of superstars who are paid much more than their teammates.39

Whether the single-entity concept works out as planned remains to be seen. A number of questions still burden the league. For instance, will own-
ers have the incentive to compete against each other for players when the league ultimately controls player salaries and contracts? For that matter, how will owners who own multiple teams allocate their resources among those teams? Will the more successful teams resist sharing the wealth with the less successful teams? When the league makes decisions that affect their starting lineups, will coaches abide by those decisions? Will owners accept decisions made in the league’s best interests if those decisions also have a negative effect on their team?

Like other professional sports, MLS is aware of the importance of television exposure for generating revenues and increasing its share of the professional sports market. MLS arranged for a comprehensive television package for its 1998 season along with an agreement with ESPN to show a minimum of 12 regular-season and playoff games on ABC and 35 games on ESPN and ESPN2. ESPN International also broadcasts MLS games internationally, and MLS owns the over-the-air rights to all of the games of the league worldwide. In addition, MLS games are available on a satellite/cable-operator subscription basis via the MLS/ESPN Shootout. Univision, a Spanish-language television network, will broadcast an additional 25–27 matches on Sundays. These various arrangements result in national or local coverage of ninety percent of all MLS matches.

While a potentially vast international audience is ready to be tapped by MLS, the question remains as to how many international soccer fans will be interested in U.S. soccer. Soccer fans, like fans of other sports, tend to be more interested in watching their own—rather than other—teams play. In addition, within the U.S. audience, soccer must compete with the more established sports. For instance, one observer described the ratings for viewing soccer games in 1998 as “minuscule.” However, soccer benefits, as does hockey, from the competition among cable networks for sports programs. Even with low ratings, regular, scheduled, sport programming can fill empty hours at a predictable cost and deliver to a difficult-to-reach audience of 18–45-year-old men.

The dominant professional sports have pioneered the way to generate additional revenues through commercial affiliates. If it is to prosper, MLS must also find commercial affiliates who will pay to have their logos and names associated with the sport. During its first two seasons, MLS generated more than $80 million in long-term deals with major commercial affiliates such as All Sport Body Quencher, AT&T, Bandai, BIC, Budweiser, Fujifilm, Honda, MasterCard, Pepsi, and Snickers. However, potential affiliates remain elusive for soccer because of the great competition among the
professional sports in the United States. To ensure its success, soccer must grow quickly.

Columbus plays an important role in the development of MLS. If the Columbus Crew remains a successful franchise, and if attendance at soccer games in Columbus as well as elsewhere in the United States holds steady or increases, then more teams will want their own soccer-specific sports stadiums. They will point to Columbus as an example of a city that has provided U.S. soccer with what it needs to prosper in the future.

No matter what the sport, in Columbus, as well as in other large cities playing the stadium game, the issues of financing, locating, and constructing new sports venues become tangled in local politics over downtown revitalization. Every large city has a high-stakes, locally focused, ongoing redevelopment game. This game ultimately shapes the way the stadium game plays out locally. Redevelopment-game players can assist or block sports entrepreneurs in their attempt to acquire or hold a professional franchise. Sometimes redevelopment-game players themselves become players in the stadium game. We take up sports and the redevelopment game in the next chapter.