

We negate; resolved: On balance, public subsidies for professional athletic organizations in the United States benefit their local communities.

Contention One: Zero-sum tradeoffs detriment local programs.

Robert Baade of the Heartland Institute writes

All resources are scarce. Local development authorities have limited budgets; tax-exempt industrial development bonds once used for stadium finance are now restricted; < 22 > and receipts from gambling and lotteries are not available for schools or public transportation when used for stadiums.

The “political capital” to sell projects to those who pay the taxes or lose from the economic redistribution is also limited. Coaxing taxpayers to subsidize a stadium may mean the defeat of higher tax levies for other projects Public officials must inevitably ask, Which is more valuable—more money for **[like] schools, roads, airports, [or] police**, tax reduction, or stadiums?

At the point where these programs are already underfunded, it doesn't make sense to continue to slash their budgets.

Even isolated within the entertainment industry, money can be better spent elsewhere. **John Siegfried from the Journal of Economic Perspectives continues**

For instance, consider an average baseball team with revenue of \$85 million. Approximately \$15 million of this comes to the team from MLB's Central Fund and is “new” to the local economy. Of the remaining \$70 million in revenues, assume that \$10 million (14.3 percent) comes from fans who reside “outside of the area.” Thus, the total of new spending is \$25 million. If half of this is the local value added from such spending, then the impact of new sports spending equals (\$12.5 million)(1.25) = \$15.625 million. Further suppose that for spending at locally-owned entertainment venues, the appropriate marginal propensity to consume is .8, the marginal propensity to import is .35 and the marginal tax rate is .35. Then, **the locally-owned entertainment venue multiplier is 1.51, in contrast to the sports multiplier of 1.25.**

Stephen Nohlgren of the Tampa Bay Times furthers

When a couple spends **\$100 [is spent] for dinner and a movie, much of that money goes to** waiters, ticket takers and other **local workers** and suppliers. **Those people, in turn, spend their paychecks on** rent, food and other **sectors of the local economy.**

Each dollar of original spending can contribute \$3 to \$4 to economic activity and job creation.

Professional sports mute this ripple effect [because].

“Spending that goes on **inside a stadium tends to flow into the pockets of a relatively few, high-income individuals who live** a large portion of the year **[mostly] outside the city, [so]**” Coates said. **“Much of that money flows out.”**

From both sides of the story, funding and spending, money can be better spent elsewhere.

Contention Two: Gentrification entrenches social inequality.

Gentrification is a process induced by development which typically results in the community, as a whole, becoming wealthier.

One way in which gentrification is done is eminent domain. Eminent domain is an action taken by the government in seizing private property for public use in exchange for what is deemed as fair compensation. This is often applied to construct stadiums.

The impact of eminent domain is **problematized by Steven Greenhut in his book, *Abuse of Power***

When discussing eminent-domain horror stories with government officials and other defenders of the practice, one will often hear a refrain of this sort: “None of this is any big deal, really, because the victims of eminent domain must be made financially whole, under the law.” But, just as the Constitution’s clear requirement that government only take property for “public” use has been twisted so that a Costco is a public use, so too has its demand that governments pay “just compensation” been distorted so that woefully low offers are considered “just.”

There are two other links to displacement.

Jessica Biro of Illinois Wesleyan University explains the first, landlord pressure

Atkinson (2003, 2004), like Wyly and Hammel (2004), discusses the forces behind displacement. Landlords often use harassment and eviction to displace lower income tenants. The intensity of price increases in many neighborhoods encourages landlords to remove tenants through illegal means so that they can sell the property or acquire higher paying tenants. This cruel treatment of tenants puts low income residents at a major disadvantage. Low income residents are forced to find a more affordable location, and therefore must move away from their jobs and incur higher commuting costs. These tenants have no chance to enjoy the revitalized area or embrace the opportunities for self-improvement when their landlords work so hard to force them out of their homes. Unless policies are enforced to prevent this behavior, the positive effects of gentrification are useless to the poor.

The second is rising rent costs. James Lewandowski from West Chester University continues

This study estimates the housing displacement of minority residents located in and around the proposed site for a baseball stadium in Washington, D.C. Total displacement [in DC], direct (18) together with indirect and secondary displacement (8,167), is estimated to be 8,185. While this displacement may seem small, numerically, the underlying circumstances of redevelopment in the area pose[s] significant problems for minority residents. Unable to move because of economic conditions in the district and in surrounding housing markets, they face a difficult choice: absorb increases in housing costs within the redeveloping area or absorb increases in total living costs associated with a move to some new location with lower subsidies. At this point in time, it cannot be determined which of these choices will prevail. To do so will require a follow-up study.

The Institute for Justice finds that the example in Washington DC occurs in areas like Sacramento, Brooklyn, and Arlington as well.

There are four impacts.

First, while some claim that this regenerates the urban center, it only further stratifies society. Gabriel Silvestre of the University of Westminster notes

These venues are often expected to act as catalysts for further regeneration in the area. Their implications can be similar to those found in the cultural flagship projects observed by Smith (2003). He states that far from benefiting the community, urban regeneration projects can exacerbate social polarisation within the city, [as] gentrified areas erode the social fabric and simply shift social problems from one part of the city to another. If these projects are to be judged as successful then the quality of life in such neighbourhoods needs to be significantly improved (Raco 2004).

Second, the poor cannot access the benefits of revitalization. Biro continues

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As a result, the third impact is increased crime. **Harvard’s Ichiro Kawachi conducted a study**

Eric Michael Johnson cites a study conducted by Harvard's Ichiro Kawachi that analyzed the homicide rates in each state and the District of Columbia. Kawachi [and] found that as the gap between the rich and the poor rose, the rate of homicide rose along with it.

The results were unambiguous: when income inequality was higher, so was the rate of homicide. Income inequality alone explained 74% of the variance in murder rates and half of the aggravated assaults. However, social capital had an even stronger association and, by itself, accounted for 82% of homicides and 61% of assaults. Other factors such as unemployment, poverty, or number of high school graduates were only weakly associated and alcohol consumption had no connection to violent crime at all. A World Bank sponsored study subsequently confirmed these results on income inequality concluding that, worldwide, homicide and the unequal distribution of resources are inextricably tied.

Fourth, forced to leave their homes, health factors deteriorate across the board. **Mindy Fullilove in the Journal of Urban Health finds**

At present, a persistent policy of serial forced displacement of African Americans has created a persistent de facto internal refugee population that expresses characteristic behavioral and health patterns. These include [including] raised levels of violence, family disintegration, substance abuse, [and] sexually transmitted disease, and so on. These harms [which] are evidently a result of the cumulative effects—including high levels of stress—of multiple displacements.