

Public cost for private gain? Recent and proposed 'national' stadium developments in the UK, and commonalities with North America

Calvin Jones

Welsh Economy Research Unit, Cardiff Business School, Colum Drive, Cardiff CF10 3EU

Email: Jonesc24@cf.ac.uk

Revised manuscript received 27 November 2001

A number of recent and proposed stadium developments in the UK have filled a perceived 'national' need. Subsidies for such developments have been obtained from public sources, although in most cases the facilities are privately owned. This paper examines the debate over stadium subsidy extant in North America, and considers whether the American experience can illuminate the issue of subsidy and public good in the UK.

Key words: UK, comparative analysis, stadia, sport, subsidy, policy

Introduction

Recent years have seen a flurry of activity in the sports stadium sector in the UK, comprising both new construction and the expansion of existing structures. A significant part of this activity involves the provision of facilities serving notionally 'national' sport infrastructure needs. These latter, modern stadia are intended to provide a facility for sport and other events that is world class, and typically share the attributes of large capacities, 'state of the art' construction, high cost and significant injections of public funding.

The notion of sport is gaining greater exposure within a number of strands of social-scientific academic enquiry. For example, the experience of sports teams provides an increasing body of evidence to test and illustrate key economic theories (Scully and Hendricks 1992). The importance of sport as a trigger for tourism and leisure activities has also been noted, both in terms of its sociological drivers and effects, and as a motivation for travel, either for

participation or spectation. The interface between sport-related activity and issues of 'place' are of particular interest, with an increasing focus on the ways in which, for example, both geography impacts upon sport performance, and sport impacts upon regional and city development (Bale and Sang 1996; Judd and Fainstein 1999). The identification of tourism and leisure as a 'fast-growth' industry has therefore led to an increasing focus on the economic benefits of stadium construction and consequent hosting of major events (Kurtzman 2001). Such a focus can have significant implications for the physical, cultural and economic geography of the city, with new stadia potentially a dominant force in each of these areas (Bale 1993). The stadium, therefore, promises much; however, a paradigm of sports tourism that is susceptible to place and place-marketing may be difficult to sustain in the face of strong sub-cultural affiliations amongst visitors (Green and Chalip 1998). Under this alternative paradigm, debate on the economic benefits of stadium construction and operation to

the host-city or region becomes more pertinent (Noll and Zimbalist 1997; Higham 1999), and the identification of major sports events as a tool in inter-city competition more problematic (Jones 2001a). Research in the US has further questioned whether public subsidies for stadium construction, be they publicly or privately owned, constitute an efficient use of scarce public resource. In particular, the threat of franchise flight, allied to the perceived benefits of hosting a major league team, has led to the leverage of substantial public resource for new stadium developments, through subsidy or tax concessions, which can be difficult to justify economically (Baade 1995).

The recent construction of 'national' stadia in the UK has raised similar concerns. In most cases developers and managers are beneficiaries of large amounts of public funds through the National Lottery, as well as of resource expended at the local level to provide suitable transport, access and safety infrastructure. Yet the new stadia will be, in most cases, privately owned and operated, with little or no public involvement. Issues of ownership and control are important in cases where stadium developments are thought to contribute to wider economic development, or where significant negative social or economic externalities may impact upon resident communities.

This paper asks whether the themes that have developed in the debate over stadium subsidy in the USA and Canada can aid the understanding of the subsidy process in the United Kingdom. It will ask whether similarities exist in the relationships between stadium developers/operators and the public sector. The paper will examine the *ex ante* claims of stadium supporters in the UK regarding the level of economic benefit consequent on stadium construction, and draw upon *ex post* experience in North America to determine whether such claims form a rational basis on which to expend public resource.

The following two sections of the paper detail national stadium developments ongoing and recently completed in the UK, enumerating levels of public and private financing and highlighting economic and social gains and losses. The fourth section compares this UK situation with that in North America. The paper concludes by considering the extent to which recent developments in the UK reflect similar themes extant in the debate over stadium subsidy in North America, and considers how effective such subsidy is in leveraging wider economic development.

The construction of 'national' stadia in the UK

The largest stadium developments in the UK are primarily seen as serving a national need, although the long-term future of each facility may include the tenancy of a professional team. The proposed Wembley Stadium to serve English international football is subject to continuing discussions and may be constructed in north-west London or the Midlands at a cost of around £450m. Meanwhile, the Millennium Stadium in Cardiff, completed in late 1999, is home to Wales' rugby and football teams. The Scottish National Stadium at Hampden serves Scottish football, and the City of Manchester Stadium will provide a publicly owned venue initially for athletics and then football. The recently abandoned plans for a stadium at Pickett's Lock, North London would have provided a long-term home for UK athletics.

Cities in the United Kingdom have focused to an increasing degree on sports events and infrastructure as a mechanism to progress urban economic and physical development. Although this trend mirrors that evident in North America, UK cities have concentrated more on leveraging media coverage, international visitation and investment via hosting 'hallmark' events, than on servicing locally based team sports (Gratton and Dobson 1999). However, objective evaluation of sports-related strategies is the exception rather than the rule (Roche 1992). Yet even bidding to attract major sporting events has been assumed both at a national and local level to lever significant development benefits (National Heritage Committee 1995). Sports-related physical development is most often justified from an economic development and regeneration perspective; in this context, urban growth consequent on infrastructure development creates benefits that 'trickle down' from the initial beneficiaries to the wider community, largely in the form of employment growth (Smith and Judd 1982). Thus, the development focus on sports facilities can be seen as an evolution of the property- and enterprise-led development policies of the 1980s. During this time, the analysis of urban deprivation noted the selective emigration of qualified labour to the suburbs, and of employers to greenfield locations (Edwards 1984; Lawless and Brown 1986). The task, therefore, was to rebuild economic structures within the inner city. As Deakin and Edwards (1993) note, in 1979 the election in the United Kingdom of a government faced with large areas of industrial urban dereliction, and adherent to

a capitalist-enterprise ideology, made the adoption of a property-based enterprise policy for regeneration almost inevitable. The 'Urban Development Corporation' approach focused almost solely upon property and physical development as the engine for re-growth. The reinvention of the city, from production location to post-industrial 'service centre', has gone hand-in-hand with this regeneration approach (Deakin and Edwards 1993). However, the use of the stadium to foster such developments may have negative consequences: US research has revealed the way that the benefits following stadium development accrue unevenly across different sections of city populations (see Kidd 1995), and have questioned the extent to which growth rates are affected at all (Baade 1995). In such cases, public investment in privately operated sports shifts the burden of risk away from team owners and sport operators onto the local public sector, who are often responsible for the long-term debt associated with infrastructure development (Rosentraub 1999). If it is the case that stadium construction has no significant long-term effect on growth rates, then the public sector may be investing resources in a diversion that merely serves to exacerbate uneven outcomes within the city, transfers city resources to transnational organizations and further entrenches elites at the expense of the socially disadvantaged (Noll and Zimbalist 1997).

In the United Kingdom, the attraction of hallmark sporting, cultural and commercial events provides a major revenue stream, and often the primary rationale, for sports infrastructure development. Competition for such events can also be reread in the context of the competitiveness evidenced between cities to draw in mobile capital resources (see, for example, Peterson 1981). The attraction of sporting events provides local elites with a high-profile mechanism, not only to increase economic activity, but to succeed visibly within an environment of increasing intercity competition within Europe. But, as Lever (1999) points out, such an approach may in fact have few longer-term benefits. Civic boosterism closely reminiscent of that associated with stadium development in the USA occurs in the United Kingdom, with local elected officials, sports bodies, businesses and national government resolutely 'on message' (Lipsitz 1984; Schimmel 1995). In such an atmosphere, criticism of policy can be labelled 'disloyal' and 'un-ambitious' (Boyle 1997), longer-term uncertainties can be glossed over and the mechanisms whereby the wider community actually benefits are rarely questioned. It is notable that the

redevelopment or construction of stadia has in most cases both a short-term and long-term rationale. Wembley was originally hoped to host both the 2006 FIFA World Cup and the 2012 Olympics. The Millennium Stadium was host to the 1999 Rugby World Cup, whilst the initial purpose of the City of Manchester Stadium is to provide a venue for the 2002 Commonwealth Games (Table 1).

Tying stadium construction to major sporting events has significant consequences. Firstly, the hosting of an international sporting event is held to be a source of national pride, enabling public monies to be levered for stadium construction, even when in the long term the stadium largely may be used by a professional sporting club (e.g. City of Manchester). Moreover, the binding of national self-esteem to stadium construction may ensure funding for financially marginal projects should extra resource be needed. Stadium projects in Scotland and Wales received additional resource from regional public agencies after successful completion was threatened (Cardiff County Council 1998a; Nicholson 1999).

Linking the completion of a stadium to the hosting of a major event also imposes a tight deadline on discussions surrounding the development. The fraught discussions surrounding the financing and design of Wembley were concurrent with the bid for the 2006 FIFA World Cup (subsequently lost) of which the stadium was the centrepiece. As a result, even government ministers unhappy with the proposed design and its ability to host Olympic athletics had little chance to force a rethink, for fear of damaging the bid (Chaudhary 1999). In Wales, a similar situation existed with respect to the 1999 Rugby World Cup, which required a new stadium to be built for the event. In both these cases, the timing of the upcoming major event added urgency to the debate on stadium development. In a situation where the hosting of major events is assumed to have major development benefits for the host region, pressure increases on public agencies to ensure stadium development, and ensure it quickly (Jones 2001b). Stadium proponents can also point to ex ante impact studies of the major events as evidence of the extra economic benefit to be gained from construction (Gratton and Dobson 1999).

The financing and estimated impacts of UK national stadia

Unlike in the USA, regions and cities in the UK have no power to determine the use of tax revenues, or to

Table 1 National stadium construction and use in the UK

Stadium	Location	Short-term rationale	Long-term use	Long-term owners
Wembley Stadium ^a	North West London	2012 Olympics, 2006 FIFA World Cup	International football	Wembley National Stadium Ltd
Millennium Stadium ^b	Cardiff	1999 Rugby World Cup	Wales International football and rugby	Millennium Stadium PLC
City of Manchester Stadium ^c	Manchester	2002 Commonwealth Games	Manchester City Football Club	Manchester City Council
Hampden Park ^d	Glasgow	–	International football	National Stadium PLC
Pickett's Lock ^e	North East London	2005 Athletics World Championship	International Athletics	Consortium of public sector organizations and UK Athletics

^a<http://www.wembleynationalstadium.com>

^b<http://www.millenniumstadium-plc.co.uk>

^c<http://www.commonwealthgames.com>

^d<http://www.queensparkfc.co.uk/QP0.htm>

^eSelect Committee on Culture, Media and Sport (2001)

Table 2 Financing national stadia

Stadium	Estimated total cost	Public funding	Public funding sources	Other funding sources
Wembley Stadium ^a	£450m	£100m	National Lottery (Sport England)	Commercial loan
Millennium Stadium ^b	£130m	£50m	National Lottery (Millennium Commission)	Debtenture* sales commercial loan
City of Manchester Stadium ^c	£90m	£90m	National Lottery (Sport England)	N/A
Hampden Park redevelopment ^d	£63m	£40m	National Lottery (Sport Scotland), Scottish Executive and others	Commercial
Pickett's Lock ^e	£112m	£112m (likely)	National Lottery, other capital funds	N/A

^a<http://www.wembleynationalstadium.com>

^b<http://www.millenniumstadium-plc.co.uk>

^c<http://www.commonwealthgames.com>

^d<http://www.queensparkfc.co.uk/QP0.htm>

^eLee Valley Stadium Review – August 2001 (Patrick Carter)

* A debenture reserves the right to prior purchase a given seat in perpetuity or for a number of years

Table 3 Claimed economic impact

Stadium	Total cost	Public funds	Estimated regional FTE jobs (direct + indirect)	£ public subsidy per stadium related job (claimed)
Wembley Stadium ^a	£450m	£120m	4900	£25 000
Millennium Stadium ^b	£130m	£50m	900	£55 500
City of Manchester ^c	£145m	£145m	6650	£21 800

^a<http://www.wembleynationalstadium.com>

^bEstimated from Cardiff County Council (1998) and Hill and Roberts (1998)

^cFigures for Sportcity development area in total, including impact of 2002 Games. Manchester 2002 the XVII Commonwealth Games <http://www.commonwealthgames.com>

Note: It is difficult to assess the impact methodologies used for a and c without supporting documentation. Impact figures should therefore be viewed as indicative only. No figures available for Hampden/Pickett's Lock

propose tax increases, in order to subsidize stadium construction. Further, the existing budgets of local authorities and regional governments leave little room for largesse. Public subsidy therefore has to rely on national mechanisms, and in the UK this has largely meant various incarnations of National Lottery funds (Table 2).

A commercial loan will provide the non-public funding, for Wembley Stadium, to be repaid through stadium profits. The National Lottery portion of £100m, as with all Lottery funds is a grant and thus not repayable, assuming the conditions of the grant are met. Cardiff's Millennium Stadium raised around £23m from prior sales of seat debentures, and also obtained a commercial bank loan.

There are additional resource implications for the public sector consequent on stadium construction, usually in respect of associated transport and public infrastructure. In the case of Cardiff, this took the form of physical redevelopment of land adjacent to the stadium, new roads and renewal of public spaces, costing in total around £10m and paid for by local and regional public bodies (Jones 2001b). The Wembley development involves a new £90m London Underground station as well as new road infrastructure and an urban development grant (Bond 2000). Similarly, preparations for the 2002 Commonwealth Games in Manchester involve the development of Sportcity, funded by £55m of lottery monies additional to the stadium grant (Hetherington 2000).

Such large-scale developments create an important legacy for the nation, with the UK better placed to host international events. However, the costs of stadium construction and event hosting are mostly borne locally, whilst benefits accrue at best region-

ally or nationally, but more often to multinational corporations and sport organizing bodies (Hill 1992). Higham (1999) raised the issue of potential long-term under use of large-scale sports facilities in general. He contrasted such development unfavourably with the more 'holistic' approach to tourism development that may occur in support of more moderate sports tourism events. Developers have sought therefore to ameliorate public opposition by highlighting the economic benefits of stadium construction and event-hosting that accrue to a region or locale (for example, Cardiff County Council 1998b; Gratton and Dobson 1999).

The veracity of impact studies commissioned by bodies supportive of stadium development and sporting events is questionable (Gamage and Higgs 1997). However, even taking the figures at face value, a purely economic justification for employment subsidies of this magnitude is difficult to sustain (Table 3). The notion of stadium construction as part, or indeed as the centrepiece, of an economic development strategy, has gained credence in the UK (Roche 1992; Gratton and Dobson 1999) as the leisure industry has been increasingly identified as a growth driver worldwide. Further, it has been argued that the economic benefits consequent on stadium developments occur at least in part within a very localized spatial area and such claims have been used to counter concerns about increased congestion and antisocial behaviour on the part of stadium attendees (Wembley National Stadium Ltd 2000). The developments in Manchester, Wembley and Cardiff all explicitly link the new stadia to a physical regeneration that will lead (through increased visitation, media coverage and business investment) to economic regeneration. For example, the installation

of communications technology to serve the new Wembley National Stadium is hoped to provide a comparative advantage in the attraction of hi-tech companies who rely on such infrastructure (Brent Council 2000a).

It is clear that the provision of the new national stadia is a source of pride for many people (see for example, Oullion 1999). But it may be the case that this civic pride colours ex ante discussions concerning the suitability of stadium location, design and ownership (Jones 2001a). In addition, massive developments may exceed the organizational capacity of responsible bodies. The Hampden Park development required a £4.4m rescue package from public sources, over and above its original Lottery funding, to avoid court action over bad debt; concerns over poor financial and man-management have dogged the Millennium Stadium since inception (Keating 1999; Nicholson 1999).

What does public money buy? National stadia in the long term

Despite all proposed 'national' stadia being recipients of large amounts of public funding, only one development (Manchester) remains a public asset in the longer term. Thus, there is potential for conflict between stadium operators, whose primary responsibility is commercial success, and public bodies who may see stadium operation as beholden to the national or public interest. For example, a commercial loan to finance Wembley Stadium could only be achieved after the removal of a publicly imposed cap on the number of events held annually at the facility (Salman 2000). Here, concerns about the commercial viability of the stadium conflicted with the potential for frequent disruption to local residents and indeed prospects for local business. Similar concerns have been raised in regard to the Millennium Stadium (Cardiff County Council 2000), where a debate continues on the impact of frequent events on city retailers. Meanwhile, the Scottish Parliament was aghast at the proposal that Hampden Park host a boxing match involving convicted rapist Mike Tyson. However, the Parliament was unable to influence the commercial decision of the stadium operators to host the event; indeed, stadium operators seemed to treat its concerns almost with disdain (Scottish Parliament 2000). Public funding has not resulted in any significant influence over either the day-to-day operation of facilities, or over strategic goals, except in Manchester, where the District Council will retain ownership of the stadium

in the long term, with Manchester City Football Club as the anchor tenant.

Recent developments have indicated a shift in the attitude of the UK government to stadium developments. A Select Committee report in November 2001 called attention to the cavalier nature of the £120m Sport England lottery grant to Wembley, and heavily criticized the government's handling of Wembley and Pickett's Lock; in the case of Pickett's Lock, the unwillingness of any public body to shoulder ongoing revenue costs (estimated at some £1.5m per annum) in part led to the project's cancellation (Select Committee on Culture, Media and Sport 2001). This shift in mood is not, however homogeneous, with the Mayor of London identifying new transport infrastructure monies to the tune of £17m in October 2001 (Greater London Authority 2001), in an attempt to 'save Wembley for London' in the face of Midlands competition.

Examination of other world class stadia recently constructed shows differing long-term outcomes. For example, the stadium utilized for the 1996 Atlanta Olympic Games at a cost of over \$200m to the Atlanta Olympic Committee converted to the ownership and control of the Atlanta Braves baseball team. Such a scenario perpetuates the North American experience where the public sector are rarely involved in the long-term ownership and control of stadia, even where their financing has involved public monies (for example, the Toronto Skydome, one of the first 'modern' stadium developments, was eventually sold at low cost to a private consortium when initial cost overruns implied a significant long-term financial burden for the state government; Kidd 1995). A different approach in Sydney sees Stadium Australia utilized for a variety of football, rugby and other events, with ownership retained by the Olympic Committee. In continental Europe (where 'national' stadia are the exception rather than the rule), the French State is prepared to shoulder all the financial risk associated with the ownership of the Stade de France (www.stadedefrance.fr).

The stadia under consideration in the UK have preferred development status and access to public funds as a result of fulfilling a national need, either at UK or Welsh/Scottish level. However, the only facility that remains a public asset in the long term has no defined 'national' role beyond 2002. The extent to which national stadia will be able to provide for national needs when faced with commercial pressure (for example, of debt repayment)

remains to be seen. Here, it may be appropriate to view sports governing bodies and sports quangos as similar to private business in as much as their accountability to a limited constituency, and in many cases significant cost base or debts base, may promote commercially driven behaviour which is not socially optimum (Jones 2001b).

Britain and North America – similarity and contrast

The wider debate surrounding the economic and social benefits of public investment in stadium facilities is new to the UK. Stadium subsidies are obtained in the UK differently than in North America, particularly in terms of the geographic context. In the latter case, stadium development and justification is in almost all cases in terms of the needs of professional sports teams (Olympics excepted) rather than national needs. However, in both cases subsidies are forthcoming for stadium owners, often sparking contentious debate on the role of the public sector. Initial examination reveals similarities in the nature of relationships between stadium operators, sports organizers and local and national authorities, albeit replayed in differing contexts. Such relationships can have a critical influence on the extent of public subsidy for stadium development, and on the extent to which stadium operation is accountable to notions of the public good.

An economic rationale for stadium subsidy

Stadium development in North America is in almost all cases driven by the demands of professional sports teams and leagues. As a clear example of public subsidy for private activity, justification is needed, and this is primarily economic. Three broad themes can be discerned: the expenditure impacts of visitation; the contribution to urban renewal made by physical development; and the effects on investment and visitation of regular media exposure in the sports pages (see, for example, Lipsitz 1984). Yet these economic impacts are as yet unproven. Baade (1995), following a study of cities before and after the development of stadiums serving professional sport, concluded the developments were not statistically significant in determining growth in real per capita income. Further, Rosentraub and Swindell (1993) concluded that *not* investing in a minor league baseball stadium seemed to have actually encouraged economic development in Fort Wayne,

Indiana. Experience in the USA is of low-paid, low-skill, casual and part-time employment, with developments cut off from their hinterland and hardly suitable to spark regeneration or positively influence economic growth (Baade 1987).

In a British context, the stadium developments under examination are not obviously driven by sports teams, but are justified by perceived national need. Yet the developments in Wembley, Cardiff and Glasgow are driven, managed and owned by subsidiaries of sport governing bodies, rather than by the public sector. An economic justification is also to the fore, following the same themes as in North America. Criticisms of claims for economic benefit are as relevant to the UK as the USA. For example, not only do multiplier analyses not take account of opportunity costs, but may measure in large part expenditure switching rather than net addition (Jones 2001a). It is true that UK national developments will likely draw spectators from further afield than US pro sports, constituting a greater net additional spend for the locality. However, as stadiums are subsidized at a national (UK) level in Britain, rather than locally, we must look to overseas visitors to provide net additional expenditure to offset public costs. It is likely, given the attendance patterns of football and rugby that the vast majority of stadium attendees, even for global scale events, will be UK resident (Wales Tourist Board 2000).

Developments in Wembley and Manchester, and to a lesser extent Cardiff, are tied to a distinct urban regeneration agenda. Substantial public resource earmarked for urban development has been allocated to projects adjacent to stadium developments (Brent Council 2000a 2000b). Yet it is questionable whether such developments can play an efficient part in such urban regrowth. On-site developments comprise hotels, conference facilities and leisure provision. Employment in any of these is unlikely to equip the local workforce with anything other than basic employment skills, or to remunerate them at much above minimum wage (Jones 1998).

Stadium supporters in the UK point to the benefits of global media coverage that comes with the hosting of major sporting events. The use of the new stadia to host such events provides for potentially significant worldwide exposure (for a limited period) and such exposure is assumed to carry great benefits for the host city, region and nation (National Heritage Committee 1995). Commentators, however, have cast doubt upon the significance of such benefits in the longer term (Spilling 1998). A study

for the Wales Tourist Board found the effect of such media exposure on the propensity to visit was marginal (Wales Tourist Board 2000). Moreover, the extent to which sports fans constitute a suitable target audience for programmes to encourage visitation or investment is problematic (Faulkner *et al.* 1998).

A parallel for franchise flight?

A central theme of discussions surrounding subsidy for stadium development in North America has been franchise flight. Demand in the USA for luxury boxes at stadia has led to facilities being declared economically obsolete only a short time after construction. The subsidized construction of new facilities becomes the sweetener with which local government must persuade the team owner to stay (Coates and Humphreys 2000). In testimony to the US Senate, Rosentraub (1999) estimated city and state governments since the 1980s had spent \$7bn in an attempt to retain or lure pro-sports teams. Further, the monopoly position of the four major sports franchises left cities unable to replace a team who did leave. The threat of franchise flight has resulted in 'welfare for the rich', with taxpayers subsidizing team owners and increasing the value of their holdings for little return (Eitzen 2000).

The phenomenon of franchise flight is peculiarly American. Sports leagues in the UK and Europe frown upon the geographic movement of teams, and the fan base of professional football and rugby teams is almost wholly geographically based. Turning to the new national stadia in the UK, however, some parallels can be drawn with franchise flight. Here, the threat to local government is in relation to the hosting of global sports events. During initial discussions on the redevelopment of the Millennium Stadium and Wembley, stadium supporters drew attention to the necessity of redevelopment to host the 1999 Rugby World Cup (Millennium Stadium), 2006 FIFA World Cup and potentially 2012 Olympics (both Wembley). By the time the English bid for World Cup 2006 had been lost, and Wembley declared also technically unable to host Olympic athletics, a Lottery grant of £120m had been paid, with stadium operators subsequently agreeing to repay £20m in lieu of providing an athletics track. The Millennium Stadium, faced with an extremely tight development timescale in order to host the World Cup, was unusually granted permission for 24-hour construction works, much to the consternation of local residents (*Western Mail* 1999).

In addition, local government redeveloped the surrounding area (at a cost of £7m) to allay safety concerns ahead of the tournament (Cardiff County Council 1998a).

There is no doubt that recent stadium developments in the UK have been affected by their symbiotic relationship with the hosting of major events. Planning such major facilities in a time-limited context can truncate debate and offer little opportunity for local opposition to develop. Franchise flight is replaced with 'event flight', where stadium supporters raise the spectre of 'losing' a world class sporting event to another country if public support (both financial and opinion) is not immediately forthcoming. Here we see the dilemma of the US city writ large: the competition here is not inter-city but international. National pride is evoked in the battle against others who seek to host 'our' games. Yet the benefits are ephemeral. The expenditure impacts of major events are undeniably short term (Spilling 1998). Yet the stadium demands significant resource, will dominate its physical context for decades to come and perhaps, as is the case with the 'Destination Wembley' regeneration scheme, influence the development path of its locality as service and visitor led (Brent Council 2000b).

Recent government policy shifts in regard of both Wembley and Pickett's Lock seem to reflect the mixed outcomes associated with stadium development: it may be that the debate in the UK over the suitability and cost of recent developments may encourage a shift towards a more 'European' system, where events are often successfully hosted without recourse to major new stadium development. The construction of 'national' stadia in the UK is periodic, and thus not analogous to the ongoing pressure for stadium subsidy to avoid franchise flight in the UK; however, the similarity of themes and issues is notable.

Funding and democracy

The methods that finance stadium subsidy differ widely between the UK and North America. In particular, states and municipalities in the USA are able, through a programme of local taxes, to raise funds locally for an express purpose, as well as providing tax breaks for stadia. Such resources can be substantial. For example, in an effort to reclaim the NFL San Francisco (nee Oakland) Raiders, Oakland offered a package including \$500m in cash payments, and a public shouldering of the risk of non-sell out grounds (Baim 1990). Opposition from

Oakland residents forced the withdrawal of this particular offer to the team (after acceptance), but the Raiders returned to Oakland in 1996 to a stadium refurbished at a cost of \$200m. Poor ticket sales subsequently placed the responsibility of covering this debt on the public sector and necessitated a direct take-over of the stadium by the city council (Matier and Ross 1996). Other municipalities have awarded stadium subsidy against taxpayers' wishes, and local democratic structures are often unable to halt a determined municipality.

Local democracy has little or no role in the subsidy process in the UK. As previously noted, the bulk of public funding derives from the National Lottery. Here, Sport England, Sport Scotland or the Millennium Commission assesses competing claims for sport lottery cash, including small community projects. These bodies are appointed at the national level and thus have no direct accountability to either residents affected by subsidized development, or to the electorate at large. Unlike in the USA, there is no mechanism via which taxpayers can force discussion of individual spending decisions by politicians. Additionally, as has been noted, time-limited development leaves little scope for the swell of public opinion to force changes or cancellation of a project. Of course, residents can use the local planning process to object to part or all of a project, but showing opposition to a development is not the same as opposing the *subsidy* of that development. This visible lack of direct influence leaves stadium supporters with something of a problem of legitimacy amongst the populace who will be most affected. This legitimacy has been sought via highly visible rounds of public consultation and opinion surveys; yet such surveys do not address the issue of public finance for development (Wembley National Stadium Ltd 2000).

The methods of finding public resource for subsidy raise questions of social equity. In the USA, extra taxes can be raised upon the local population, or upon sectors of the community thought to benefit from development – for example through a hotel tax. The Lottery-funded nature of these projects in the UK means that the burden of resource falls disproportionately upon households of lower socio-economic group who are more likely to play the lottery (King 1997) and upon adolescents who often play illegally (Wood and Griffiths 1998). Of course, one may argue that individuals can choose not to play the lottery at all and thus avoid resourcing such projects at all, but the problematic nature of

gambling and lottery addiction, especially amongst the young, may have implications for the defensibility of this standpoint (Cook *et al.* 1998; Wood and Griffiths 1998).

Conclusion

This paper has sketched the construction of new 'national' stadia in the United Kingdom since the mid-1990s. It has outlined their development path and rationales, and considered issues arising from potential impacts, ownership and control. The paper has shown that a purely economic justification is not sustainable, and that the stadium's contribution to urban regeneration is questionable. The paper also proposes that problems may arise in the longer term, when the commercial goals of stadium operators conflict with wider social considerations.

The comparison with stadium developments in North America raises several points of similarity. Stadium backers in the UK play upon issues of national, rather than civic, pride to gain support, often linking developments to sporting events of global significance, but the outcome is the same. Stadium operators obtain significant amounts of public resource for private development, in part due to the threat of lost economic activity and media exposure, and by emphasizing competition with other places. The paper also raises issues of public accountability relating to public subsidy for development, and concludes the situation is worse than in the USA. Further, public subsidy in the UK is income-regressive, with lottery monies disproportionately supplied by lower social classes.

Stadium developments in North America and the UK 'national' stadia are in many ways alike. Similar arguments are used to rationalize public subsidy, whilst the drivers of development and the owners of capital in the long term are mostly private. It is undoubtedly the case that local authorities in the UK have in some instances tried hard to link such developments to a thought-out and long-term regeneration strategy, yet even here such strategies are reactive and essentially 'add-on'. The stadium development is almost inevitable and local governance simply tries to make what it can out of the project for the locality, usually by securing extra public monies for adjacent regeneration projects.

There is no doubt that the recent UK developments analyzed, as in the USA, constitute a public subsidy for private activity, albeit with a national sheen. Moreover, if government handling of public

funding in the Wembley/Pickett's Lock case was indeed based on flimsy and subjective reasoning and was, overall, bizarre and inept (Select Committee on Culture, Media and Sport 2001), a re-evaluation of the way the UK deals with major event funding and related infrastructure development is overdue. Indeed, given the ongoing debate surrounding the economic efficacy of such payments in the USA, the question must be raised as to whether a sport-development policy that relies upon large-scale stadium development and the hosting of major events is at all a suitable avenue for public investment to further urban development aims.

References

- Baade R** 1987 *Is there an economic rationale for subsidizing sports stadiums?* Heartland Policy Study No. 13 Heartland Institute, Chicago
- 1995 Stadiums, professional sports and city economies: an analysis of the United States experience in **Bale J and Moen O** eds *The stadium and the city* Keele University Press, Keele
- Baim D** 1990 *Sports stadiums as wise investments: an evaluation* Heartland Institute Policy Study 32 Heartland Institute, Chicago
- Bale J** 1993 *Sport, space and the city* Routledge, London
- Bale J and Sang J** 1996 *Kenyan running: movement culture, geography and global change* Frank Cass, London
- Bond D** 2000 Livingstone saves Wembley Stadium/New Wembley set for 2003 cup final *London Evening Standard* 15 May 2000/3 June 2000
- Boyle M** 1997 Civic boosterism in the politics of local economic development: 'institutional positions' and 'strategic orientations' in the consumption of hallmark events' *Environment and Planning A* 29 1975–97
- Brent Council** 2000a *Wembley park single regeneration bid* Brent Council, London
- 2000b *Destination Wembley single regeneration bid* Brent Council, London
- Cardiff County Council** 1998a *Riverside walk* Capital Challenge Funding Bid, Cardiff
- 1998b *The economic benefit of the Millennium Stadium* Cardiff County Council, Cardiff
- 2000 *Stadium – The economic impact of the Millennium Stadium and Rugby World Cup on Cardiff* Report of the Economic Scrutiny Committee, Cardiff
- Chaudhary V** 1999 Smith favours Olympic Wembley *The Guardian* 16 December
- Coates D and Humphreys B** 2000 The stadium gambit and local economic development *Regulation* 23 15–20
- Cook M, McHenry R and Leigh V** 1998 Personality and the National Lottery *Personality and Individual Differences* 25 49–55
- Deakin N and Edwards J** 1993 *The enterprise culture and the inner city* Routledge, London
- Edwards J** 1984 UK inner cities: problem construction and policy response *Cities* 1 592–604
- Eitzen S** 2000 Public teams, private profits *Dollars and Sense* March (www.dollarsandsense.org) Accessed 10 November 2000
- Faulkner B, Tideswell C and Weston A** 1998 *Sydney 2000 Olympics tourism impacts* Tourism Forecasting Council, Griffiths University Centre for Tourism and Hotel Management, Brisbane
- Gamage A and Higgs B** 1997 Economics of venue selection for special sporting events: with special reference to the 1996 Melbourne Grand Prix *Asia Pacific Journal of Tourism Research* 12 15–25
- Gratton C and Dobson N** 1999 The economic benefits of hosting major sports events Tourism Intelligence Papers, A-31, July 1999 English Tourism Council, London
- Greater London Authority** 2001 Mayor agrees £17 million deal to help keep the stadium at Wembley, Press Release 26/10/01
- Green B and Chalip L** 1998 Sport tourism and the celebration of sub-culture *Annals of Tourism Research* 25 275–91
- Hetherington P** 2000 Games get aid and a shake-up *The Guardian* 5 January
- Higham J** 1999 Commentary – Sport as an avenue of tourism development: an analysis of the positive and negative impacts of sport tourism *Current Issues in Tourism* 21 82–90
- Hill C** 1992 *Olympic politics* Manchester University Press, Manchester
- Hill S and Roberts A** 1998 *Welsh input–output tables for 1995* University of Wales Press, Cardiff
- Jones C** 1998 Flagship developments and urban regeneration: the International Sports Village at Cardiff Bay *Welsh Economic Review* 11 47–51
- 2001a Mega events and host region impacts: determining the true worth of the 1999 Rugby World Cup *International Journal of Tourism and Hospitality Research* 3 241–51
- 2001b A level playing field? Urban development and sports stadia in the UK *Environment and Planning A* 33 845–61
- Judd D R and Fainstein S** 1999 *The tourist city* Yale University Press, New Haven
- Keating F** 1999 Unpalatable end to a diet of stodge *The Guardian* 8 November
- Kidd B** 1995 Toronto's skydome: the world's greatest entertainment centre in **Bale J and Moen O** eds *The stadium and the city* Keele University Press, Keele 175–95
- King J R B** 1997 Participation in the National Lottery – evidence from the Family Expenditure Survey *Journal of the Royal Statistical Society* 160 207–12
- Kurtzman J** 2001 Economic impact: sport tourism and the city *Journal of Sport Tourism* 6 3 (<http://www.sptourism.net/jst23.html>) Accessed 14 September 2001

- Lawless P and Brown F** 1986 *Urban growth and change in Britain* Harper and Row, London
- Lever W** 1999 Competitive cities in Europe *Urban Studies* 36 1029–44
- Lipsitz G** 1984 Sports stadiums and urban development *Journal of Sports and Social Issues* 8 1–17
- Matier P and Ross A** 1996 Disillusioned Perata quits, warns of Raiders disaster *San Francisco Chronicle* 26 August
- National Heritage Committee** 1995 *Bids to stage international sporting events fifth report* House of Commons, HMSO, London
- Nicholson M** 1999 Scottish FA agrees to manage Hampden Park in £4m rescue *Financial Times* 14 December
- Noll R and Zimbalist A** 1997 Sports, jobs and taxes; are new stadiums worth the cost? *The Brookings Review* 153 35–9
- Ouillon C** 1999 Analysis of the impacts of mega-events and stadia on tourism destination – case study of the Rugby World Cup in Cardiff MSc thesis, Bournemouth University
- Peterson P** 1981 *City limits* University of Chicago Press, Chicago
- Roche M** 1992 Mega events and micro modernisation: on the sociology of the new urban tourism *British Journal of Sociology* 43 563–600
- Rosentraub M and Swindell D** 1993 Fort Wayne, Indiana in **Johnson A T** ed *Minor league baseball and local economic development* University of Illinois, Chicago
- Rosentraub R** 1999 Testimony to the Senate Judiciary Committee, Stadium Financing and Franchise Relocation Act of 1999 Senate Bill 952, Washington
- Salman S** 2000 Wembley to get £475m go-ahead *London Evening Standard* 1 June
- Schimmel K S** 1995 Growth politics, urban development and sports stadiums construction in the USA: a case study in **Bale J and Moen O** eds *The stadium and the city* Keele University Press, Keele 111–56
- Scottish Parliament** 2000 Report of the Education, Culture and Sport Committee, 14 June 2000 HMSO, Edinburgh
- Scully G W and Hendricks W** 1992 *Advances in the economics of sport, vol 1* Jai Press, New York
- Select Committee on Culture, Media and Sport** 2001 *Unpicking the lock: the World Athletics Championships in the UK* House of Commons, London
- Smith M P and Judd D R** 1982 Structuralism, elite theory and urban policy *Comparative Urban Research* 92 127–44
- Spilling O** 1998 Beyond intermezzo? On the long-term industrial impacts of mega-events: the case of Lillehammer 1994 *Festival Management & Event Tourism* 5 101–22
- Wales Tourist Board** 2000 *Rugby World Cup, 1999 – economic impact evaluation* WTB, Cardiff
- Wembley National Stadium Ltd** 2000 *Wembley – the economic benefits* WNSL, London
- Western Mail** 1999 Rugby World Cup – was it a success for Wales? *Western Mail* 6 November
- Wood R and Griffiths M** 1998 The acquisition and maintenance of lottery and scratchcard gambling in adolescence *Journal of Adolescence* 21 265–73