
Super Bowl of Welfare

Segment Length: 4:27 minutes

Lesson Description:

Many Americans complain about welfare. But what about corporate welfare and welfare for the rich? Why do so many Americans support that? Why do so many sports team owners receive benefits at taxpayer expense? This segment looks at taxpayer-subsidized stadiums.

Concepts & Key Terms:

Concentrated benefits and dispersed costs – the situation in which recipients of government subsidies are more inclined to lobby *for* those subsidies than average taxpayers, forced to fund those subsidies, are inclined to lobby *against* them. This results from the individual recipients benefiting far more from the subsidies than individual taxpayers would benefit if the subsidies are not given, as each taxpayer pays a far smaller dollar amount than each recipient receives.

Subsidy – financial assistance from the government, often used to support businesses or to encourage an activity. Subsidies pass part of the cost of the product or service onto the taxpayers, and lead to unintended consequences.

Objectives:

Students will be able to:

- list benefits and drawbacks of taxpayer subsidized stadiums.
- discuss the impact of subsidies on team owners and on taxpayers.
- explain the concept of concentrated benefits and dispersed costs.
- analyze the incentives for team owners and fans to support candidates who favor stadium subsidies.

Preview Activity:

Ask students to copy these questions into their notebooks:

- What is your favorite professional sports team?
- Would you be willing to help pay for a new stadium for them? Why / Why not?
- Would you be willing to force others to help pay for a new stadium for them? Why / Why not?

Then, use Think, Pair, Share to have students compare and discuss their answers. After a few minutes, ask the students to explain their answers to the class.

Viewing Guide:

It is recommended that teachers show the video segment twice: once to allow students to view the video and focus on the issues presented, and once to allow them time to complete the viewing guide. After they complete the viewing guide, allow students a few minutes to work in pairs sharing and verifying answers.

Answers to Viewing Guide

1. subsidies
2. politicians
3. business activity

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Viewing Guide

Name _____

Date _____

Class _____

Teacher _____

Directions: As you watch the video, fill in the blanks with the correct words.

1. Twelve teams have actually turned a profit on stadium _____ alone. Yes, they received more money than it costs to build their facilities.
2. The problem is the _____ giving away your money. I get why they do it. They like going to games, like telling voters, “I brought a team to our town.”
3. They always call stadium subsidies good investments, but it’s not a good investment. It’s a bad one. Politicians, teams, and stadium promoters all highlight this extra _____ that occurs when the football team plays at home. But this happens fewer than a dozen days a year.

Now, take a few moments to reflect on the video and answer the questions below:

In the video, John Stossel discussed perceived benefits and costs of subsidizing stadiums.

Who benefits from taxpayer-subsidized stadiums? _____

Who pays the costs of taxpayer-subsidized stadiums? _____

One theme in this video is the seen versus the unseen. “We see the people at the games and extra customers at some businesses on game days.” But “the unseen cost is that those people would otherwise be spending their money elsewhere in the local communities. At the local bar there’s one less bartender. There was one less waitress hired at another restaurant. A movie theater that had one less theater full.” Why are there fewer dollars to be spent elsewhere? Why are there fewer workers? Why is this called “the unseen”? _____

Discussion and Analysis:

1. If a city wants to have a sports team, shouldn't the taxpayers pay for its stadium? What does it even mean that "a city wants a team"? Does everyone in the city necessarily want the team?
2. What about stores and fast food restaurants.... Is government supposed to provide each business with an office, warehouse, or storefront? Should sports teams be different? Why / Why not?
3. Why don't team owners build their own stadiums? Are taxpayer subsidies more of a bribe to get team owners to move to or stay in a city? Who is doing the bribing? Why?
4. How does the term "concentrated benefits" relate to this topic? What about "dispersed costs"? The term "concentrated benefits and dispersed costs" helps explain why the recipients of taxpayer subsidies are more motivated to lobby for subsidies than opponents of taxpayer subsidies are motivated to lobby against them. Can you explain this?
5. The discussion of the seen versus the unseen can apply to jobs. When stadiums are subsidized, what about jobs is seen? What is the unseen effect on jobs? Explain.
6. The discussion of the seen versus the unseen can also apply to people's money. When stadiums are subsidized, who pays? What is the unseen cost to people? Explain.
7. Why does John Stossel say it's a scam that taxpayers, most of whom never attend games, subsidize billionaires?
8. Economists say that the cities and the taxpayers almost never recoup the money that went to the stadiums. So if politicians insist on calling it an investment, just what kind of an investment is it?
9. Arthur Blank was a founder of The Home Depot and owns the Atlanta Falcons NFL team. What do both ventures have in common? How are the two ventures different?
10. Why do politicians want teams to move to or stay in their cities? What's in it for them?
11. What's fair about subsidizing professional sports teams and their owners? What's unfair?

Discuss These Lines from the Video:

1. Twelve teams have actually turned a profit on stadium subsidies alone. Yes, they received more money than it costs to build their facilities.
2. So taxpayers, most of whom never attend a game, subsidize billionaires. Seems like a scam to me.
3. They always call stadium subsidies good investments, but it's not a good investment. It's a bad one. Politicians, teams, and stadium promoters all highlight this extra business activity that occurs when the football team plays at home. But this happens fewer than a dozen days a year.
4. Economists who study stadium subsidies say little or none of the money makes it back to taxpayers.

Quotes for Discussion:

Subsidies and mandates are just two of the privileges that government can bestow on politically connected friends. Others include grants, loans, tax credits, favorable regulations, bailouts, loan guarantees, targeted tax breaks and no-bid contracts. – Charles Koch

The people who deserve and need subsidies are those who are on average incomes and less. – Mohammad bin Salman

Now, legal plunder can be committed in an infinite number of ways. Thus we have an infinite number of plans for organizing it: tariffs, protection, benefits, subsidies, encouragements, progressive taxation, public schools, guaranteed jobs, guaranteed profits, minimum wages, a right to relief, a right to the tools of labor, free credit, and so on, and so on. – Frederic Bastiat

Giving subsidies is a two-edged sword. Once you give it, it's very hard to take away subsidies. There's a political cost to taking away subsidies. – Najib Razak

Every time that we try to lift a problem from our own shoulders and shift that problem to the hands of the government, to the same extent we are sacrificing the liberties of our people. – John F. Kennedy

Government does the least good and the most harm through subsidies. –James Cook

Far too many businesses have been all too eager to lobby for maintaining and increasing subsidies and mandates paid by taxpayers and consumers. This growing partnership between business and government is a destructive force, undermining not just our economy and our political system, but the very foundations of culture. –Charles Koch

Activities:

1. Have students complete the accompanying PMI chart.
2. Read and write a summary of one of the following articles:
 - A) “The Economics of Subsidizing Sports Stadiums” by Scott A. Wolla of the Federal Reserve Bank of St. Louis.
<https://research.stlouisfed.org/publications/page1-econ/2017-05-01/the-economics-of-subsidizing-sports-stadiums/>
 - B) “The Hidden Costs of Stadium Subsidies” by Michael Farren.
<https://medium.com/concentrated-benefits/the-hidden-costs-of-stadium-subsidies-fbc079f335f3>
 - C) “Publicly Financed Sports Stadiums Are A Game That Taxpayers Lose” by Jeffrey Dorfman.
<https://www.forbes.com/sites/jeffreydorfman/2015/01/31/publicly-financed-sports-stadiums-are-a-game-that-taxpayers-lose/#24e4c6294f07>
 - D) “Should Taxpayers Subsidize Sports Stadiums?” by Travis Waldron.
<https://thinkprogress.org/should-taxpayers-subsidize-sports-stadiums-396dc827d6f/>
 - E) “Stop Subsidizing Stadiums” by Michael Farren and Anne Philpot.

<https://www.detroitnews.com/story/opinion/2018/01/07/stop-subsidizing-stadiums-taxpayers/109252814/>

3. Have students work in groups to discuss and answer these questions as they relate to stadium subsidies: Who chooses? Who pays? Who benefits? What's fair?
4. Conduct a classroom debate on the topic of subsidizing sports stadiums.
5. Research and create a slideshow about a local professional sports team and the stadium in which that team plays. Some questions you might want to answer are: Who owns the stadium? Who paid to build it? Is there a current debate about replacing it or has it been recently replaced? Do the taxpayers recover any of their money through parking fees or refreshment stands?
6. Write a persuasive essay in which you explain the arguments for and against subsidizing sports stadiums and take a position on those subsidies.
7. Research and write a biography of Arthur Blank, co-founder of The Home Depot and owner of the Atlanta Falcons NFL team.
8. Have students develop and conduct a poll of fellow students about taxpayer subsidies for sports stadiums.
9. Produce a “man-on-the-street” video in which you ask people what they think about taxpayer subsidies for sports stadiums. Then, ask if their favorite team plays in a taxpayer subsidized stadium.
10. Pretend you are a politician and will soon speak to a group of taxpayers who are concerned about the high taxes they pay to live in your community. Personally, you support taxpayer subsidies being proposed for a new stadium for your favorite team, but you also know that that subsidy will cost the taxpayers—many of whom are not sports fans—more money. You have three minutes to speak. What will you say? Write the speech you would make to those taxpayers.